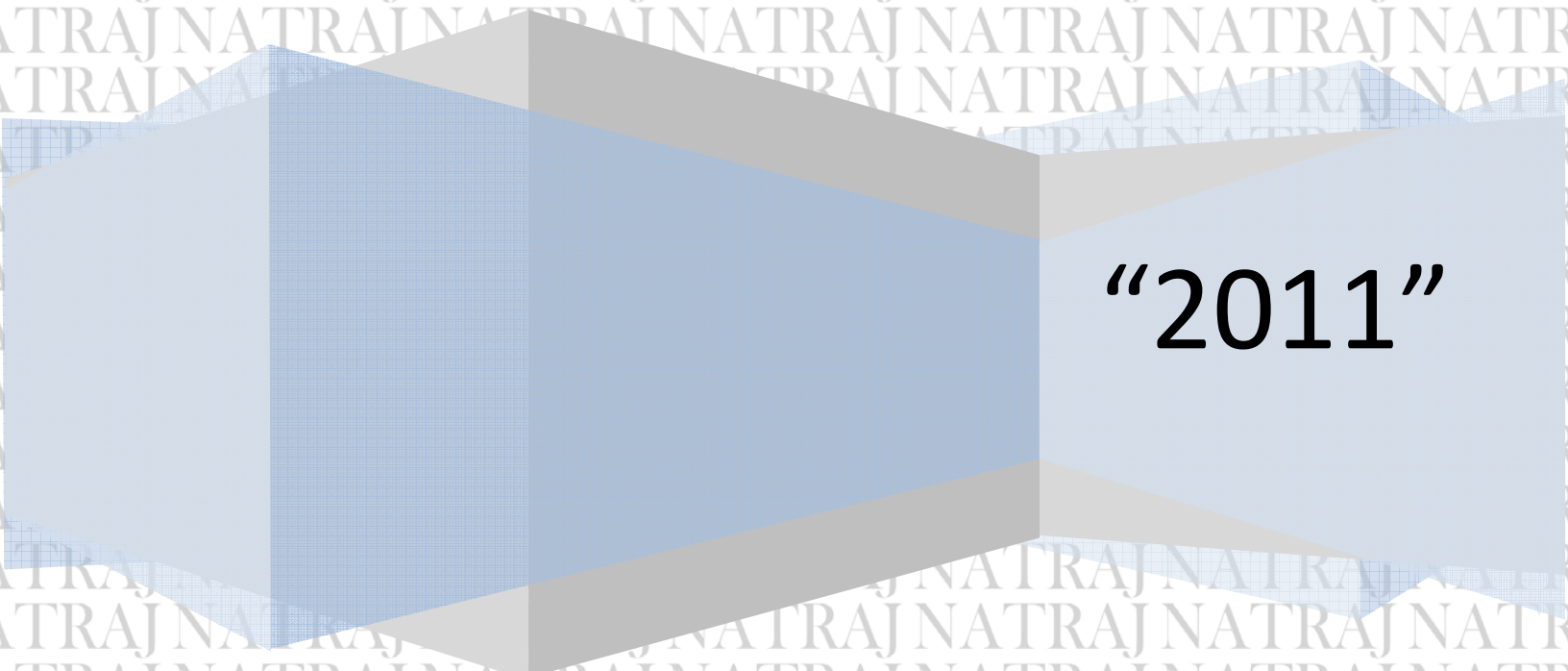


# NATRAJ

**FINANCIAL & SERVICES LIMITED**

***27th ANNUAL REPORT 2010-2011***

62, 6<sup>TH</sup> FLOOR, C-WING, MITTAL TOWER, NARIMAN POINT, MUMBAI-400 021



**“2011”**

## BOARD OF DIRECTORS

MR.MANOJ PUNAMIYA  
MR. KUMAR PAL PUNAMIYA  
MS.MANISHA ANAND  
MR.DAMODAR HARI PAI

Managing Director  
Whole Time Director  
Independent Director  
Independent Director

### BANKERS

AXIS BANK LTD.  
BANK OF INDIA  
HDFC BANK  
ICICI BANK  
SYNDICATE BANK

### STATUTORY AUDITORS

M/s DMKH & CO.  
CHARTERED ACCOUNTANTS  
C-9, SANJAY APARTMENTS,  
NEAR GOKUL HOTEL,  
S.V.P ROAD, BORIVALI (W),  
MUMBAI: 400092.

### COMPANY SECRETARY & COMPLIANCE OFFICER

MRS.SHWETA AGRAWAL

### REGISTERED OFFICE

62, 6TH FLOOR, 'C' WING, MITTAL TOWER, NARIMAN POINT, MUMBAI – 400 021.

### REGISTRAR AND SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (W),  
MUMBAI: 400 078. Ph.: (022) 2596 3838 Fax: (022) 2594 6969

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**NATRAJ FINANCIAL & SERVICES LIMITED**  
**Regd. Off.: 62, 6<sup>th</sup> Floor, C-Wing, Mittal Tower, Nariman Point, Mumbai – 400 021.**

**NOTICE**

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of Natraj Financial and Services Limited will be held on Thursday, 29<sup>th</sup> September, 2011 at 3.00 P.M. at Conference Hall, 18<sup>th</sup> Floor, 'C' Wing, Mittal Tower, Nariman Point, Mumbai: 400 021, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March, 31<sup>st</sup> 2011 and the Profit and Loss account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Damodar Hari Pai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. DMKH & Co., Chartered Accountants as the Statutory Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

**"RESOLVED THAT** Ms. Manisha Anand, who was appointed as a Director to fill the casual vacancy by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 262 of the Companies Act, 1956 ('the Act') but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Act from a member of the Company proposing her re-appointment as a Director of the Company and who has consented, if appointed, to act as Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

**"RESOLVED THAT** Mr. Kumar Pal Punamiya who was appointed as an Additional Director of the company during the year holds office till the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company whose period of office shall be liable to determination by retirement of Directors by rotation.

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Kumar Pal Punamiya, as Whole Time Director of the company for a period of 3 years i.e. from 15<sup>th</sup> February 2011 to 14<sup>th</sup> February, 2014, on a monthly remuneration of Rs.20,000/- as emoluments for his services.

**BY ORDER OF THE BOARD**

**Place: Mumbai**  
**Date: 2<sup>nd</sup> September, 2011**

**Shweta Agrawal**  
**Company Secretary**

**NOTES:**

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and poll, to vote instead of himself such a proxy need not be a member of the company. Proxies in order to be valid and effective the instrument appointing proxy should however, be deposited at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of Companies, Bodies Corporate, Societies etc. must be supported by certified copy of appropriate resolution /authority as applicable
2. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, September 27, 2011 to Thursday, September 29, 2011 (both days inclusive) for the purpose of 27th Annual General Meeting (AGM) of the Members of the Company to be held on Thursday, September 29, 2011.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed to the Notice.
4. If the members have any queries on the audited accounts, directors' report & auditor's report, the same should be forwarded to the company in writing at its registered office at least 10 days before the meeting so that the same can be replied at the time of annual general meeting to the members' satisfaction
5. Members/Proxies should bring the Attendance slip duly filled in for attending the Annual General Meeting.

6. The representative of a body corporate who is registered shareholder of the Company may attend and vote at the Annual General Meeting provided a certified true copy of the resolution of the Board of Directors or Governing body of such body corporate authorizing such person to act as its representative at the Annual General Meeting is lodged with the Company at its Registered Office not later than 48 hours before the commencement of the meeting.
7. Members having multiple folios in identical name(s) or joint name(s) in the same order are requested to write to the Registrar & Share Transfer Agent of the Company, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078 enclosing the respective share certificates so as to enable the Company to consolidate their holding in one folio.
8. Members are requested to:
  - i) Intimate change in their Registered Addresses, if any, in respect of Equity Shares held in electronic form (Dematerialized form) to their Depository Participants.
  - ii) Intimate the Registrar & Share Transfer Agent M/s Link Intime India Private Limited about any change in their Registered Addresses in respect of equity shares held in physical form.
  - iii) Quote the registered folio number / DP-ID And CL-ID in all future correspondence.
  - iv) Please bring their copies of Annual Report at the meeting.

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO. 4:** The Board of Directors had appointed Ms. Manisha Anand on March 30, 2011 pursuant to section 262 of the Companies Act 1956 caused due to resignation tendered by Mr. Nitin Rathod. She is liable to retire by rotation and being eligible offers herself for re-appointment. A notice in writing has been received by the Company from a member along with necessary deposit, proposing her candidature for the office of Director, under Section 257 of the Companies Act, 1956.

Ms. Manisha Anand is Graduate in Commerce. She has a good experience in management and administration with good knowledge of Accounts. The company will immensely be benefitted with her experience and expertise. The Board of Directors are hopeful that her appointment will be beneficial in the interest of the Company and hence recommends the said resolution for approval of the members.

None of the Directors of the Company may be deemed to be concerned in or interested in passing of the said resolution, except Ms. Manisha Anand.

**ITEM NO. 5 & 6:** The Board of Directors of the Company at the meeting held on 15<sup>th</sup> February, 2011, subject to the approval of the members, unanimously approved the appointment of Mr. Kumar Pal Punamiya as Whole-time Director of the Company w.e.f 15<sup>th</sup> February 2011 to 14<sup>th</sup> February, 2014, for a period of three years.

Mr. Kumar Pal Punamiya is actively involved in the business policy decisions of the Company. The heir of a family of self-made business entrepreneurs, he has at a young age several breakthrough achievements to his credit. Having an excellent knowledge of Gems & Jewellery business is specialized in marketing of Gold Jewellery & Bullions. Presently he is a Whole time Director of the Company & is looking after the Bullion Business operations of the company.

None of the Directors of the Company except Mr. Kumar Pal Punamiya may be deemed to be concerned in or interested in passing of the said resolution.

The Board recommends this Resolution for your approval

**BY ORDER OF THE BOARD**

**Place: Mumbai**  
**Date: 2<sup>nd</sup> September, 2011**

**Shweta Agrawal**  
**Company Secretary**

**Details of the Directors seeking re-appointment in the Twenty Seventh Annual General Meeting pursuant to Clause 49 of Listing Agreement of Stock Exchanges**

<b>Name of Director</b>	<b>Age</b>	<b>Nature of expertise</b>	<b>Qualifications</b>	<b>Other Director-ship</b>	<b>Member ship in the committ ees of other Public Compani es</b>	<b>Share holding</b>
<b>Mr. Damodar Hari Pai</b>	74	Manufacturing, Administration, Finance and HRD	M.E. (Electrical Engineering) Degree in Electronic Engineering	2	2	-
<b>Ms. Manisha Anand</b>	24	Management, administration and Accounts	Graduate in Commerce	-	-	-
<b>Mr. Kumarpal Punamiya</b>	30	Excellent knowledge of Gems & Jewellery business		12	-	-

## DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their report on the operations of the Company and its financial results for the year ended March 31, 2011.

### 1. Financial Results

(₹ in lacs)

Particulars	Standalone		Consolidated	
	<u>31.03.2011</u>	<u>31.03.2010</u>	<u>31.03.2011</u>	<u>31.03.2010</u>
Total Income	6546.09	1356.72	6685.24	1430.49
Profit before Tax	70.48	45.52	70.40	45.43
Provision for Tax				
- Current Tax	10.25	15.24	10.25	15.24
- Deferred Tax	(0.10)	(0.73)	0.03	(0.64)
Profit after Tax	60.34	31.01	60.11	30.83
Less: Minority interest	-	-	(0.01)	(0.01)
Profit attributable to group	-	-	60.12	30.84

### 2. Dividend:

Due to inadequacy of Profits, your Directors are unable to recommend payment of dividend on equity share capital for the year ended 31st March, 2011.

### 3. Operations:

During the year under review, the Company has earned Net Profit after Tax to the tune of Rs.60.34 lacs as against Net Profit incurred to the tune of Rs.31.01 lacs for the corresponding previous financial year.

### 4. Board of Directors:

During the year under review, there have been changes in the Management of the Company as mentioned below:

Mr. Kumar Pal Punamiya was appointed as an Additional Director designated as Whole Time Director on 15<sup>th</sup> February, 2011 subject to approval of Members in the forthcoming Annual General Meeting.

Mr. Damodar Hari Pai retires by rotation as a Director at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Ms. Manisha Anand was appointed as Director to fill in the casual vacancy occurred due to resignation of Mr. Nitin Rathod and holds office upto the ensuing Annual General Meeting. The resolution for her appointment as a Director is being moved at the ensuing Annual General Meeting.

Pursuant to clause 49 of the Listing Agreement, the detailed profiles of the Directors seeking appointment and re-appointment are provided in the Notice convening the Annual General Meeting.



## **5. Subsidiary Company:**

During the year under review, Balaji Corporation Private Limited [BCPL] was a Subsidiary of the Company with its shareholding to the extent of 96.15% of the Equity Share capital of BPCL.

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts for the year 2010-2011, together with the Reports of the Directors and Auditors for the year ended March 31, 2011 of Balaji Corporation Private Limited are attached herewith.

## **6. Sale of Investment in Subsidiary:**

The Board of Directors has decided in the Meeting held on 15<sup>th</sup> February, 2011 to seek an approval of the members to dispose-off its 100% stake of 5,00,000 equity shares in Balaji Corporation Private Limited. The necessary resolution was passed by way of Postal Ballot with requisite majority. The shares of the subsidiary company have been sold to Mr. Pankaj Goshar. The Transfer of shares has been made effective on 2nd June, 2011.

## **7. Investigation by Enforcement Directorate**

During the year on 11<sup>th</sup> August, 2010, the Enforcement Directorate (ED), Delhi has taken the Managing Director of the Company in the judicial custody. The Enforcement Directorate (ED) has filed complaint under Prevention of Money Laundering Act 2002 for their alleged role in "Madhu Koda Case".

Prima-facie, the complaint filed by ED does not allege about any financial impropriety or any other financial irregularities of the company. Further there has been no case against the Company and there are no restrictions on the functioning of the Company.

In pursuance to the above, the Regional Director, Western Region had ordered inspection of the books of accounts of the Company under Section 209A of the Companies Act, 1956 and the Company fully cooperated in this regard.

## **8. Appointment of Company Secretary and Compliance Officer**

Ms. Richa Khangarot resigned as Company Secretary and Compliance Officer on August 1, 2011. As required under section 383A of the Companies Act, 1956 read with the provisions of the listing agreement with stock exchanges, Mrs. Shweta Agrawal, an associate member of the Institute of Company Secretaries of India, New Delhi, has been appointed as the Company Secretary and Compliance Officer on August 1, 2011.

## **9. Employees:**

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

## **10. Deposits from Public:**

The Company has not raised any deposits from public during the year under review.

## **11. Management Discussion and Analysis Report**

Management Discussion and Analysis for the year under review as required under Clause 49 of the Listing Agreement entered with Stock Exchanges is given as a separate statement in the Annual Report.

## 12. Corporate Governance:

The Company has taken steps to comply with the mandatory provisions of clause 49 of the Listing Agreement and a separate report on Corporate Governance is enclosed. Further due to change in the Management of the Company various committees of the Board of Directors are reconstituted as under:

### Re-constitution of Audit Committee:

Ms. Manisha Anand	- Chairperson, Independent & Non Executive
Mr. Kumarpal Punamiya	- Member, Whole time Director
Mr. Damodar Hari Pai	-Member, Independent & Non Executive

### Re-constitution of Shareholders' Cum Investors' Grievance Committee:

Mr. Kumarpal Punamiya	- Chairman, Whole time Director
Ms. Manisha Anand	- Member, Independent & Non Executive
Mr. Damodar Hari Pai	-Member, Independent & Non Executive

### Re-constitution of Remuneration Committee:

Ms. Manisha Anand	- Chairperson, Independent & Non Executive
Mr. Kumarpal Punamiya *	- Member, Independent & Non Executive
Mr. Damodar Hari Pai	-Member, Independent & Non Executive

\*Mr. Kumar pal Punamiya was appointed as whole time director on 15<sup>th</sup> Feb, 2011, due to his appointment as whole time director reconstitution of Remuneration Committee is under process and would be complied in near future.

## 13. Auditors:

M/s. DMKH & Co., Chartered Accountants, retire as the Auditors at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the retiring auditors to the effect that their reappointment, if made, will be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956.

The Board has recommended their re-appointment.

**Auditors Report:** Auditors Report as issued by M/s. DMKH & Co., Chartered Accountants is self explanatory and need not calls for any explanation by your Board.

## 14. Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo:

Considering the nature of activities of the company, the information required to be disclosed pursuant to Section - 217(1)(e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption do not apply to the Company. Hence no comment is being made on energy conservation. There is no foreign technology involved/absorbed. During the year under review, the company has not earned or spent any foreign exchange.

## **15. Directors' Responsibility Statement:**

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- (i) In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31<sup>st</sup> March 2011 and of the Profit & Loss Account of the company for the year ended on that date.
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) These Accounts have been prepared on a going concern basis.

## **16. Change of Registered Office of the Company**

During the period under review, the Registered Office of the Company was shifted from 410, 4th Floor, Maker Chamber V, Nariman Point, Mumbai - 400021 to 62, 6th Floor, 'C' Wing, Mittal Tower, Nariman Point, Mumbai - 400 021 with effect from November 18, 2010.

## **17. Acknowledgements:**

Your Directors greatly appreciate the co-operation and support of Shareholders and Employees for reposing their faith in us and motivating us to excel in all facets of our Business.

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Date: 2<sup>nd</sup> September, 2011**

<b>Kumar Pal Punamiya</b>	<b>Manisha Anand</b>
<b>Whole Time Director</b>	<b>Director</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **A. SEGMENT INFORMATION**

#### **SEGMENT I - BULLIONS**

##### **Industry at a glance:**

- The Gems and jewellery sector has a huge market in India. The sector is expected to register a compound annual growth rate (CAGR) of 13 per cent during 2012-2013.
- It is expected that the Gems and Jewellery industry would enjoy a growth of about 8.5 per cent in the period up to 2015.
- The surge of urbanization and rapidly growing middle class in India has led Indian consumerism to new heights, particularly in the jewellery sector.
- In India the Gems and Jewellery Industry is well supported by the Government & EXIM policies.

##### **Opportunities:**

- The jewellery industry is growing at a whopping rate with the boom in the domestic and exports of Indian jewellery, the shining materials of India brings more sparkle to the economy.
- In India availability of superior design skills and craftsmanship along with cheap labour forms as a catalyst for efficient manufacturing set up.
- The Indian gems and jewellery industry is competitive in the world market due to its low cost of production and availability of skilled labour.
- The Gems and Jewellery Export Promotion Council (GJEPC) is looking at exploring new markets, such as Latin American countries.
- Worldwide there has been increased outsourcing of jewellery fabrication to low cost countries like India and China.
- Expansion possibilities in lifestyle and luxury products in India like watches, leather goods, Platinum jewellery because of increasing disposable income of people

##### **Threats:**

- Quality of workmanship and technological development (technical expertise) are the other areas where the Indian industry faces a threat.
- Infrastructure bottlenecks, absence of latest technology.
- Change in government's support and incentives
- Increase in unorganized sector
- Threat from world economic slowdown.
- Exorbitant increase in the price of Gold.

##### **Financial and Operating performances:**

Your Company's revenues from Bullions Segment for the financial year 2010-11 is ₹64,15,09,460 /-.

## **SEGMENT II - SECURITIES**

### **Industry at a glance:**

The second segment that the Company earns its revenue falls under Securities i.e. financial products like shares, stocks, debentures, etc. Your Company is gearing up well to face all such developments by increasing its reach across geographical areas and client segments, ramping up its infrastructure and technological, financial and human resources.

### **Opportunities & Threats:**

Times are really quite exciting; an ever increasing plethora of events followed the global financial crisis. With globalization and innovation in the financial markets at its peak - it is very essential to study the market risks and requirements. Over the years, the India stock market has undergone major changes to remain at par with the global peers. With global trade and finance getting more dynamic day by day, the India stock market is not far behind to experience these developments. This has helped the financial structure of India get more innovative.

### **Financial and Operating performances:**

Your Company's revenues from Securities Segment for the financial year 2010-2011 is ₹53,79,129/-.

## **SEGMENT III – REAL ESTATE**

### **Industry Structure and Development:**

The growth of housing is related to construction and as such it is also connected to core sector industries like Cement, Iron & steel and Housing finance. Since Company is into the field of infrastructure development project, it is belief that Company will be able to achieve reasonably good position in the market despite of global slowdown.

### **Opportunities & threats:**

Domestic as well as international investors are considering India for investment in property. Real estate studies of India shows that India has the right environment that offers maximum benefits to the investors. India has strong and transparent legal and accounting system and most of all has legal protection for intellectual property rights. Infrastructure Project and entering in this field is a new challenge but Company wants to grab more opportunities in this field as it of the opinion that the said Industry is a booming Industry.

### **Financial Performance with respect to Operational Performance:**

Your Company's revenue from the Real Estate Segment for the financial year 2010-11 is Nil.

## **B. OUTLOOK**

Sustainability comes with a long term vision and focus. Involvement in diverse activities across several industries enables the company to tap opportunity to diversify business, reduce risk and increase revenues. The Company continues to explore the possibilities of expansion in its activities and will make the necessary investments as and when attractive opportunities arise.

### C. RISKS AND CONCERNS

The Company's exposed to the market risk and credit risk. It is further exposed to risk of economic cycle. The company manages these risks by remaining very conservative and following other risk management practices.

### D. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These systems and procedures provide reasonable assurance of maintenance of proper accounting records, reliability of financial information, protection of resources and safeguarding of assets against unauthorized use. The management regularly reviews the internal control systems and procedures.

### E. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Highlights	(₹ in Lacs)	
	2010-2011	2009-2010
Income from Operations	6546.09	1,356.72
Profit before Interest, Depreciation and Tax	74.64	50.15
Interest Expenditure	0.01	0.50
Depreciation	4.14	4.13
Provision for Taxation (Including Deferred Tax & Fringe benefit tax)	10.14	14.51
Net Profit after Tax	60.34	31.01
Earnings per Share (in Rs.)		
- Basic	0.33	0.36
- Diluted	0.33	0.16

### F. HUMAN RESOURCE DEVELOPMENT

The Company believes that the human resources are vital resource in giving the company a competitive edge in the current business environment. The company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/dissemination, creativity and responsibility. As in the past, the company enjoyed cordial relations with the employees at all levels.

The above mentioned statements are to be viewed with caution and judicious understanding, as the Company's operations involves inbuilt risk due to uncertain economic conditions and unforeseen events beyond the Company's control.

## **Report On Corporate Governance**

### **1. Company's philosophy on code of governance:**

The Company believes that while its primary responsibility is to generate sustainable returns for all its stakeholders, it must also make a harmonious contribution to the socio-economic environment in which it operates. Toward these ends, the Company strives to follow two guiding principles.

- i. The Company must not compromise on certain core values like Integrity, Statutory Compliance and Fairness in all of its internal or external dealings, transactions, financial statements or corporate announcements.
- ii. The Company must always remain sensitive to the long-term societal implications of its businesses.

### **2. Board of Directors**

The Board of Directors comprises of four Directors including the Managing Director, Whole Time Director and two Non-Executive & Independent Directors.

The composition of the Company's Board of Directors is in conformity with the listing agreement. The Company does not have any nominee director on its Board. All directors of the Company are liable to retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board of Directors and other relevant details relating to them are given hereunder:

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>Category</b>	<b>No. of other Director-ships ##</b>	<b>No. of Members of other Board Comm.</b>	<b>No. of other Committees Chairmanships</b>
1	Mr. Manoj Punamiya	Managing Director	15	-	-
2	*Mr. Kumarpal Javerchand Punamiya	Whole Time Director	12	-	-
3	Mr. Damodar Hari Pai	Non Executive & Independent	2	-	2
4	\$Mr. Nitin Gulraj Rathod	Non Executive & Independent	1	-	-
5	@Ms. Manisha Anand	Non Executive & Independent	-	-	-

*\*Appointed as Whole Time Director w.e.f 15.02.2011*

*\$ Resigned from Directorship w.e.f. 30.03.2011*

*@ Appointed as Director in casual vacancy at the Board Meeting held on 30.03.2011*

*##Including Private Limited Company's Directorship*

### **Board Meetings and Attendance of Directors**

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and quarterly financial results. When necessary, additional meetings are held. The Board meetings are generally held at the Registered Office of the Company at Mumbai. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda.

There were ten (10) Board Meetings during the year ended 31st March, 2011 i.e. on 29<sup>th</sup> May, 2010, 10<sup>th</sup> June, 2010, 12<sup>th</sup> July, 2010, 9<sup>th</sup> August, 2010, 21<sup>st</sup> August, 2010, 6<sup>th</sup> October, 2010, 18<sup>th</sup> November, 2010, 29<sup>th</sup> January, 2011, 15<sup>th</sup> February, 2011 and 30<sup>th</sup> March, 2011. The Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2010-11 and the last AGM:

<b>Name of the Directors</b>	<b>Number of Board Meetings held during the year</b>	<b>Number of Board Meetings attended</b>	<b>Whether attended last AGM</b>
Mr. Manoj Punamiya	10	2	No
\$ Mr. Nitin Gulraj Rathod	10	9	Yes
*Mr. Kumarpal Javerchand Punamiya	10	10	Yes
Mr. Damodar Hari Pai	10	5	No
@Ms. Manisha Anand	10	Nil	No

*\$ Resigned from Directorship w.e.f. 30.03.2011*

*\*Appointed as Whole Time Director w.e.f 15.02.2011*

*@ Appointed as Director in casual vacancy at the Board Meeting held on 30.03.2011*

### **3. Audit Committee**

#### **Terms of references of Audit Committee:**

- To ensure transparency, integrity, correctness, statutory compliance, and credibility of all financial statements or announcements before their submissions to the Board.
- To hold periodic discussions with statutory auditors on the scope and content of audit and to recommend the appointment, removal and remuneration of auditors.
- To review with management the adequacy of Company's internal control systems and the action taken on auditors' reports.
- To apprise the Board on the impact of accounting policies, standards and legislation.
- To examine and report on the Company's financial and risk management policies and major defaults if any.

#### **Scope of the Audit Committee:**

- Provide an open avenue of communication between the independent auditor and the Board of Directors ("BoD")
- Recommending the appointment, re-appointment and if required the replacement or removal of statutory auditors, fixation of audit fees and also to approve the payment for other services.
- Meet Four times a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
- Confirm and assure the independence of the external auditor.
- Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
- Consider and review with the independent auditor the adequacy of internal controls including the computerized information system controls and security;



7. Reviewing with the management the Quarterly financial statements before submission to the Board for approval.
8. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - a) Any changes in the accounting policies and practices
  - b) The going concern assumption
  - c) Compliance with accounting standards
  - d) Compliance with listing and other legal requirements concerning financial statements
  - e) Significant adjustment arising out of audit
  - f) Disclosure of any related party transactions.
  - g) Qualification in the draft audit report
9. Consider and review with the management and the independent auditor;
  - a) Significant findings during the year, including the status of previous audit recommendations,
  - b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
10. Review of the following information:
  - a) Management discussion and analysis of the financial conditions and results of operations;
  - b) Statement of significant related party transactions submitted by the management;
  - c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors
11. To look into the reasons for substantial default in the payment to the depositors, debentures holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

### **Composition of the Audit Committee**

The Terms of Reference of the Audit Committee are in accordance with the guidelines set out in the listing agreements with the Stock Exchanges. The statutory auditors are invited to the Audit Committee Meetings whenever required. The quorum for the Audit Committee Meeting is two members.

The composition of the reconstituted Audit Committee as on date of this report is as follows:

Ms. Manisha Anand	Chairperson, Independent & Non Executive
Mr. Damodar Hari Pai	Member, Independent & Non Executive
Mr. Kumar Pal Javerchand Punamiya	Member, Whole Time Director

### **Audit Committee Meetings & Attendance during the financial year ended 31<sup>st</sup> March, 2011**

During the financial year ended 31<sup>st</sup> March, 2011, Four Audit Committee Meetings were held on May 29, 2010, August 09, 2010, October 06, 2010, and January 29, 2011. The table hereunder gives the attendance record of the Audit Committee members.

<b>Name of the Audit Committee Members</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Mr. Nitin Rathod*	4	4
Mr. Damodar Hari Pai	4	3
Mr. Kumar Pal Javerchand Punamiya	4	4
Mr. Manoj Punamiya**	4	2
Ms. Manisha Anand@	4	-

\* Ceased to be member of the Audit Committee w.e.f. 30.03.2011

\*\*Ceased to be a member of the Audit Committee w.e.f 06.10.2010

@Appointed as a member of the Audit Committee w.e.f. 30.03.2011

The Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the applicable accounting standards and for issuing a report thereon. The Committee's responsibility is to monitor these processes. The Committee is also responsible to oversee the processes related to the financial reporting and information dissemination, in order to ensure that the financial statements are true, correct, sufficient and credible.

#### **4. Remuneration of Directors:**

##### **Scope of Remuneration Committee:**

To Determine on behalf of the Board and shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments. To Consider and recommend to Board commission/ other remuneration package for the Non-Executive Chairman of the Company and such other matters concerning remuneration as may be referred by the Board from time to time.

##### **Composition:**

The Composition of the reconstituted Remuneration Committee as on date of this report is as follows:

Ms. Manisha Anand	Chairperson, Independent & Non Executive
Mr. Damodar Hari Pai	Member, Independent & Non Executive
Mr. Kumar Pal Javerchand Punamiya*	Member, Whole Time Director

\*Mr. Kumar Pal Punamiya was appointed as whole time director on 15<sup>th</sup> Feb, 2011, due to his appointment as whole time director reconstitution of Remuneration Committee is under process and would be complied in near future.

#### **5. Shareholder's Cum Investors Grievance Committee**

The Shareholder's Cum Investors Grievance Committee was headed by Mr. Kumar Pal Javerchand Punamiya. The composition of the reconstituted Shareholders' Cum Investors Grievance Committee is as under:

Mr. Kumar Pal Javerchand Punamiya	Chairman, Whole time Director
Mr. Damodar Hari Pai	Member, Independent & Non Executive
Ms. Manisha Anand	Member, Independent & Non Executive

## Meetings and Attendance:

Four Shareholders/Investors Grievance Committee Meetings were held during the year ended March 31, 2011. All the members of the Committee were present in all the Meetings held during the year.

The Committee expresses satisfaction with the Company's performance in dealing with investors' grievance and its share transfer system.

Status of number of shareholders' complaints received, pending & redressed is as under:

- |  |     |
|--|-----|
| (i) No. of Shareholder's complaints received                   | 7   |
| (ii) No. of complaints not redressed and pending as on date    | Nil |
| (iii) No. of share transfers pending for more than a fortnight | Nil |

## 6. General Body Meeting

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Date	Location of the Meeting	Time
2007-2008	20/08/2008	12/D-1, Esteejeejay C.H.S., Sai Baba Nagar, Borivali (W), Mumbai 400092	04.00 P.M.
2008-2009	08/08/2009	Conference Hall, 18 <sup>th</sup> Floor, C Wing, Mittal Tower, Nariman Point, Mumbai- 400 021.	11.00 A.M.
2009-2010	29/10/2010	Conference Hall, 18 <sup>th</sup> Floor, C Wing, Mittal Tower, Nariman Point, Mumbai- 400 021.	11.00 A.M.

## 7. Disclosures

The Company has been complying with all statutory requirements and no penalties or strictures have been imposed on it by SEBI, BSE or any regulatory or statutory body on any matter.

### Related Party Transactions:

Your Company places all the aforesaid details before the Audit Committee periodically. A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of the Note No.11 of Schedule 16 to the Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the interests of the Company at large.

## 8. Means of Communication

- The quarterly results of the Company are published in two newspapers in compliance with the provisions of Clause 41 of the listing agreement. Generally, the same are published in *Business Standard (English language)* and *Mumbai Lakshadweep (Marathi language)* in Mumbai. As the results of the Company are published in the newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited, immediately after the conclusion of the respective meeting.
- No presentations were made to the institutional investors or to analysts during the year under review.

(iii)The Management Discussion and Analysis Report form a part of this Annual Report.

(iv)Financial Calendar (tentative and subject to change)

<b>Financial reporting for quarter ended</b>	
June 30, 2011	by August 14, 2011
September 2011	by November 15, 2011
December 2011	by February 15, 2012
March 2012	by May 30, 2012
Annual General Meeting for the year ended 31st March 2012 – on or before September 30, 2012	

#### **Certificate on Corporate Governance:**

As required by Clause 49 of the Listing Agreement, a certificate from the Statutory Auditors regarding compliance with all the conditions of Corporate Governance norms is given as an annexure to this Report.

#### **CEO Declaration:**

As required by Clause 49 of the Listing Agreement, declaration by Whole Time Director on compliance of the Company's code of conduct is provided as an Annexure to Report.

### **9. General Shareholder Information**

i.	Date and time of Annual General Meeting of Shareholders	<b>Thursday September 29, 2011 at 3.00 p.m.</b>
ii.	Dates of book closures	<b>Tuesday, September 27, 2011 to Thursday, September 29, 2011 (both days inclusive)</b>
iii.	Venue of AGM	<b>Conference Hall, 18th Floor, C Wing, Mittal Tower, Nariman Point, Mumbai: 400 021</b>
iv.	Listing on stock exchanges	The Equity Shares of the Company are listed on Bombay Stock Exchange Limited.  There is no default in payment of Annual Listing Fees as prescribed.
v.	Stock Exchange Code	512047 (Bombay Stock Exchange Limited)
vi.	Financial year	April to March
vii.	Dividend payment date	N.A.

#### **Share Transfer System:**

All share transfer, dematerialization and related work is managed by a common agency, Link Intime India Private Limited, Bhandup (W), Mumbai-78. Shareholders are requested to send all share transfer requests, demat/remat requests, correspondence relating to shares i.e. change of address, Power of Attorney, etc. to the registrar and transfer agents.

Market Price Data (Monthly High/Low on BSE):

Month	High (₹)	Low (₹)	No. of Shares	No. of Trades
April 2010	57.35	38.45	1,41,774	511
May 2010	56.40	36.90	3,54,068	653
June 2010	77.90	44.50	13,49,876	3,309
July 2010	97.00	71.35	14,36,327	4,704
August 2010	84.00	67.00	4,21,888	1,014
September 2010	70.90	46.95	4,05,334	742
October 2010	76.20	50.45	1,21,507	619
November 2010	68.45	52.45	1,79,955	495
December 2010	61.90	32.90	2,44,057	604
January 2011	50.00	37.10	1,47,769	415
February 2011	48.00	37.00	48,317	242
March 2011	50.20	29.30	1,63,289	685

Comparative Performance: No meaningful comparison is possible with any index.

#### I. CATEGORY-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2011

Category	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
<b>PROMOTERS HOLDING</b>	5	0.66	1,50,86,845	65.37
Indian Promoters				
<b>Total of promoter holding</b>	<b>5</b>	<b>0.66</b>	<b>1,50,86,845</b>	<b>65.37</b>
<b>NON- PROMOTER HOLDING</b>				
Institutional Investors				
Banks	1	0.13	600	-
FIIs	1	0.13	10,000	0.04
Others				
Corporate Bodies	52	6.85	9,21,703	3.99
Indian Public	684	90.11	70,44,446	30.52
NRIs / OCBs	4	0.53	1,400	0.01
Clearing Member	12	1.59	15,006	0.07
<b>Total of non-promoter holding</b>	<b>754</b>	<b>99.34</b>	<b>79,93,155</b>	<b>34.63</b>
<b>Grand Total</b>	<b>759</b>	<b>100.00</b>	<b>23,08,00,000</b>	<b>100.00</b>

## II. SLAB-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2011

NOMINAL VALUE OF RS.	SHAREHOLDERS NUMBER	% OF TOTAL	NO. OF SHARES (Rs.10 each)	%TO EQUITY
1 – 5000	474	62.37	6,64,560	0.288
5001 – 10000	93	12.237	7,69,470	0.333
10001 – 20000	48	6.316	7,34,380	0.318
20,001 – 30,000	34	4.474	9,14,550	0.396
30,001 – 40,000	07	0.921	2,57,590	0.112
40,001 – 50,000	14	1.8420	6,47,940	0.281
50,001 – 1,00,000	26	3.421	21,38,350	0.926
1,00,001 & Above	63	8.421	22,46,73,160	97.345
<b>TOTALS</b>	<b>759</b>	<b>100.000</b>	<b>23,08,00,000</b>	<b>100.000</b>

### 10. Dematerialization of Shares:

The Company's shares are available for trading in dematerialized form under both the Depository Systems – NSDL and CDSL. Connectivity with both NSDL and CDSL is provided by Link Intime India Pvt. Ltd., Mumbai – 400 078 under tripartite agreements. The distribution of dematerialized and physical shares as on March 31, 2011 was as follows:

	No. of shares	%
1. Dematerialized Shares		
NSDL	2,02,09,749	87.56
CDSL	26,08,331	11.31
	<u>2,28,18,080</u>	<u>98.87</u>
2. Physical Shares	2,61,920	01.13
<b>Total</b>	<b><u>2,30,80,000</u></b>	<b><u>100.00</u></b>

Outstanding GDR/ADR/Warrants/Convertible instruments etc:

- There are no outstanding securities as at 31<sup>st</sup> March 2011.

### 11. Plant location:

The Company does not have any plant.

### 12. Investors Correspondence:

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West),  
Mumbai - 400078  
Tel No: (022) 25946970  
Fax No: (022) 2594 6969  
Email-id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### **Certificate on Corporate Governance**

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliances with the Code of Conduct for the current year.

**For NATRAJ FINANCIAL & SERVICES LIMITED**

**Place: Mumbai**  
**Date: 2<sup>nd</sup> September, 2011**

**Kumar Pal Punamiya**  
**Whole Time Director**

### **Certificate from the Auditors of the Company**

#### **Auditors' Certificate on Compliance with the conditions of Corporate Governance Under Clause 49 of the Listing Agreement**

To The Members of Natraj Financial & Securities Limited:

We have examined the compliance of conditions of Corporate Governance by Natraj Financial & Services Limited (the Company) for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- We state that in respect of investor grievances received during the year ended March 31, 2011, no investor grievances are pending against the Company as on September 2, 2011 as per the records maintained by the Company and presented to the Shareholder's/Investors' Grievance Committee.
- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For: DMKH & CO.**  
**Chartered Accountants**

**Place: Mumbai**  
**Date: 2<sup>nd</sup> September, 2011**

**DURGESH KABRA**  
**PARTNER**  
**Membership No. 044075**

# DMKH & CO

## CHARTERED ACCOUNTANTS

C-9, Sanjay Apartments, Near Gokul Hotel, SVP Road, Borivali (W), Mumbai –400 092

E-mail: info@dmkhca.com, website: www.dmkhca.com Ph: 022-28916494, Fax 022-28916495

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### AUDITORS' REPORT

To,

The Members of **NATRAJ FINANCIAL & SERVICES LIMITED**

We have audited the attached balance sheet of the **NATRAJ FINANCIAL & SERVICES LIMITED** as at 31<sup>st</sup> March 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In Accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to above, we report that:
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books.
  - iii. The Balance Sheet and the Profit and Loss account referred to in this report are in agreement with the books of account.



- iv. In our opinion the Balance Sheet and the Profit and Loss account referred to in this report comply with mandatory Accounting Standards referred to in sub section 3C of section 211 of the Companies Act, 1956.
- v. On the basis of the information and explanations given to us, and on the basis on the written representations received from the Directors and taken on record, none of the directors of the company is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - i) In the case of the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011.
  - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
  - iii) In the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **DMKH & Co.**  
Chartered Accountants  
Firm Reg. No. – 116886W

**CA. Durgesh Kabra**  
**Partner**  
M. No. 044075  
Place: Mumbai.  
Date: 31/05/2011

**Annexure refer to in Paragraph 1 of our report dated 31/05/2011, to the members of  
NATRAJ FINANCIAL & SERVICES LIMITED**

1. (a) The Company has maintained proper records showing full Particulars, including quantitative details and situation of fixed Assets on the basis of information available.  
(b) As explained to us, all the fixed assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.  
(c) In our opinion and according to information and explanation given to us no substantial part of fixed asset has been disposed off by the company during the year and the going concern status of the company is not affected.
2. (a) As explained to us, the inventory of the company has been physically verified by the management . In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.  
(c) In our opinion, the company is maintaining proper records of inventory. As per the information and explanations provided to us and having regard to the size of the company, no material discrepancies have been noticed on physical verification of inventory as compared to book records.
3. (a) The Company has not granted any loans to party covered in register maintained under section 301 of the Companies Act, 1956, hence para (b) to (d) of the clause 4 (iii) of the order is not applicable to the company.  
(b) The Company has not taken loans from party covered in the register maintained under Section 301 of the Companies Act, 1956, hence para (f) to (g) of the clause 4 (iii) of the order is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. In respect of transactions covered under section 301 of the Companies Act, 1956. In our opinion and according to the information given to us, there are no such transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956, hence para (b) of the clause 4 (v) of the order is not applicable to the company.

6. The Company has not accepted any deposits during the year and consequently the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the Company has an Internal Audit System commensurate with the size and nature of the business.
8. We have been informed that the maintenance of cost records has not been prescribed by the central government under section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanation given to us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable except stamp duty.
- (b) According to the information and explanation given to us no undisputed statutory dues including income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable were in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, customs duty, wealth tax, service tax, excise duty and cess which has not been deposited on account of any dispute except the below.

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount Disputed ₹</b>	<b>Year to which amount related</b>	<b>Forum where Dispute is pending</b>
Income Tax Act, 1961	Income tax and Interest thereon	₹ 8,08,662/-	A.Y. 2006-07	Commissioner of Income Tax ( Appeal)
Income Tax Act, 1961	Penalty U/s 271 (1) (c )	₹ 8,14,293/-	A.Y. 2006-07	Commissioner of Income Tax ( Appeal)
Income Tax Act, 1961	Income tax and Interest thereon	₹ 21,87,080/-	A.Y. 2008-09	Commissioner of Income Tax ( Appeal)

10. The Company does not have any accumulated losses at the end of the year. The company has not incurred any cash losses for the year under review and immediately preceding such current year.
11. According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to Financial Institution or Banks.

12. We are informed that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and the securities. Accordingly the provisions of the clause 4 (xii) of the order are not applicable to the company.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of the clause 4 (xiii) of the order are not applicable to the company.
14. In our opinion, the company has maintained proper records of the transactions and contracts of the investments dealt in by the company and timely entries have been made therein. The investments made by the company are held in its own name.
15. According to the information and explanation given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanation given and based on the documents and records produced, the company have not obtain any term loan.
17. According to the information and explanations provided to us and an overall examination of the balance sheet and the cash flow statement of the Company, in our opinion no funds raised on short term have been used for long term investment.
18. According to the information and explanations provided to us, during the year the Company has not issued any Debentures. Accordingly the provisions of the clause 4 (xix) of the order are not applicable to the company.
19. According to the information and explanations provided to us, during the year the Company has not raised any money by way of public issues. Accordingly the provisions of the clause 4 (xx) of the order are not applicable to the company.
20. Based upon the Audit procedures performed and information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **DMKH & Co.**

Chartered Accountants

Firm Reg. No. – 116886W

**CA. Durgesh Kabra**

**Partner**

M. No. 044075

Place: Mumbai.

Date: 31/05/2011

# NATRAJ FINANCIAL & SERVICES LIMITED

## BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	SCHE - D U L E	AS AT 31-3-2011 ₹	AS AT 31-3-2010 ₹
<b><u>I. SOURCES OF FUNDS:</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	1	230,800,000	230,800,000
Reserves & Surplus	2	124,945,111	118,911,094
		<b>355,745,111</b>	<b>349,711,094</b>
<b>Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans	3	1,800,000	1,800,000
		<b>1,800,000</b>	<b>1,800,000</b>
Deferred Tax Liabilities		121,969	132,297
<b>Total</b>		<b>357,667,080</b>	<b>351,643,391</b>
<b><u>II. APPLICATION OF FUNDS:</u></b>			
<b>Fixed Assets</b>	4		
Gross Block		4,315,128	4,315,128
Less : Depreciation		1,852,559	1,438,271
Net Block		<b>2,462,569</b>	<b>2,876,857</b>
<b>Investments</b>	5	5,000,000	6,331,389
<b>Current Assets, Loans &amp; Advances</b>			
Inventory		4,191,000	-
Sundry Debtors	6	91,657,292	120,129,182
Cash & Bank Balances	7	2,433,448	1,238,895
Loans & Advances & Deposits	8	262,889,227	337,082,294
		<b>361,170,967</b>	<b>458,450,370</b>
<b>Less: Current Liabilities &amp; Provisions</b>	9	11,868,220	116,620,923
<b>Net Current Assets</b>		<b>349,302,747</b>	<b>341,829,448</b>
<b>Miscellaneous Expenditure</b>		901,764	605,698
(To the extent not written off or adjusted)			
<b>Total</b>		<b>357,667,080</b>	<b>351,643,391</b>
Significant Accounting Policies and Notes forming part of the Accounts	16		

**For DMKH & CO.**  
**Chartered Accountants**  
**Firm Reg. No. – 116886W**

**For and on behalf of the Board**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
 Place: Mumbai  
 Date : 31/05/2011

**Kumarpal Punamiya**  
**Whole Time Director**

**Manisha Anand**  
**Director**

**NATRAJ FINANCIAL & SERVICES LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

<b>PARTICULARS</b>	<b>SCHE - DULE</b>	<b>31-3-2011 ₹</b>	<b>31-3-2010 ₹</b>
<b><u>INCOME:</u></b>			
Sales	10	646,888,589	127,533,679
Increase/(decrease) in Inventories	11	4,191,000	-
Other income	12	3,530,283	8,138,480
<b>Total</b>		<b>654,609,872</b>	<b>135,672,159</b>
<b><u>EXPENSES:</u></b>			
Purchases	13	642,586,589	127,153,516
Expenses For Employees	14	879,000	774,790
Administrative & Other Expenses	15	3,679,938	2,728,396
Depreciation		414,288	413,424
Interest & Finance Charges		1,368	50,346
<b>Total</b>		<b>647,561,183</b>	<b>131,120,473</b>
<b>Profit Before Tax</b>		<b>7,048,689</b>	<b>4,551,686</b>
Provision for FBT		-	-
Provision for Tax - Current Tax		1,025,000	1,523,864
- Deferred Tax		(10,328)	(72,768)
<b>Profit After Tax carried to Profit &amp; Loss A/c</b>		<b>6,034,017</b>	<b>3,100,590</b>
<b>Basic EPS (Rs.)</b>		<b>0.33</b>	<b>0.36</b>
<b>Diluted EPS (Rs.)</b>		<b>0.33</b>	<b>0.16</b>

Significant Accounting Policies and Notes forming  
part of the Accounts

16

**For DMKH & CO.**  
**Chartered Accountants**  
**Firm Reg. No. – 116886W**

**For and on behalf of the Board**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
Place: Mumbai  
Date : 31/05/2011

**Kumarpal Punamiya**  
**Whole Time Director**

**Manisha Anand**  
**Director**

**NATRAJ FINANCIAL & SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-2011**

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>A. Cash Flow from Operating Activities</b>		
Net profit before Tax as per Profit & Loss Account	7,048,689	4,551,686
Adjusted for:		
Depreciation	414,288	413,424
(Profit)/Loss on Sale of Fixed Assets	-	199,399
(Profit)/Loss on Sale of Investment	(4,047,740)	-
Share Issue Expenses written off	326,934	202,334
<b>Operating Profit before Working Capital Changes</b>	<b>3,742,171</b>	<b>5,366,843</b>
Adjusted for:		
(Increase)/ Decrease in Stock in trade	(4,191,000)	-
Trade and Other receivables	102,664,956	(372,563,515)
Trade Payables	(105,777,702)	114,607,291
Income Tax Refund/(Paid)	-	(979,716)
<b>Cash flow from Operations</b>	<b>(7,303,746)</b>	<b>(258,935,940)</b>
Advance Tax & TDS	-	(544,147)
<b>Cash Flow from Operating Activities (A)</b>	<b>(3,561,575)</b>	<b>(254,113,244)</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale/(Purchase) of Fixed Assets	-	107,500
Sale/(Purchase) of Investment	5,379,129	-
<b>Net Cash used in Investing Activities (B)</b>	<b>5,379,129</b>	<b>107,500</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds From Share Capital	-	73,000,000
Payment to Secured Loans	-	(440,387)
Share Issue Expenses	(623,000)	(655,519)
Share Premium		183,230,000
<b>Net Cash used in Financing Activities (C)</b>	<b>(623,000)</b>	<b>255,134,094</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>1,238,895</b>	<b>36,628</b>
<b>Add: Balance transferred on merger</b>		<b>73,916</b>
	<b>1,238,895</b>	<b>110,544</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>1,194,554</b>	<b>1,128,351</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>2,433,449</b>	<b>1,238,895</b>

For DMKH & CO.  
Chartered Accountants  
Firm Reg. No. – 116886W

For and on behalf of the Board

C.A. Durgesh Kabra  
Partner  
M. No. 044075  
Place: Mumbai  
Date : 31/05/2011

Kumarpal Punamiya  
Whole Time Director

Manisha Anand  
Director

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>SCHEDULE - 1 :</b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised Capital</u></b>		
2,40,00,000 Equity Shares of Rs.10/- each	240,000,000	150,000,000
(Last year 1,50,00,000 Equity Shares of Rs.10/- each fully paid)		
<b><u>Issued, subscribed and paid-up</u></b>		
2,30,80,000 Equity Shares of Rs.10/- each fully paid	230,800,000	118,000,000
(Last year 1,18,00,000 Equity Shares of Rs.10/- each fully paid)		
Share Suspence	-	112,800,000
[Pursuant to the scheme of Amalgamation of Luxury Export Pvt. Ltd. (LEPL) with company, 1,12,80,000 equity shares of Rs.10 each to be issued to the shareholders of LEPL as fully paid up]		
	230,800,000	230,800,000
<b>SCHEDULE - 2 :</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b><u>Security Premium</u></b>		
As Per Last Balance Sheet	110,530,000	35,000,000
Add : Addition during the year	-	183,230,000
Add : Addition during the year	-	4,500,000
Add : Adjustment during the year	-	(112,200,000)
<b>A</b>	110,530,000	110,530,000
<b><u>Capital Reserve</u></b>		
As Per Last Balance Sheet	3,000,000	3,000,000
<b>B</b>	3,000,000	3,000,000
<b><u>Profit &amp; Loss Account</u></b>		
As Per Last Balance Sheet	5,381,094	2,299,583
Add : Addition during the year	6,034,017	3,100,590
Add : Adjustment during the year	-	(19,079)
Please refer Note 1 (d) under Schedule 16		
<b>C</b>	11,415,111	5,381,094
<b>(A+B+C)</b>	124,945,111	118,911,094
<b>SCHEDULE - 3:</b>		
<b><u>UNSECURED LOANS</u></b>		
From Director	-	-
From Others	1,800,000	1,800,000
	1,800,000	1,800,000



**NATRAJ FINANCIAL & SERVICES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011**

**SCHEDULE 4 : FIXED ASSETS**

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2010	ADDITIONS	DELETION/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 01.04.2010	FOR THE YEAR	DELETION/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
Computers	64,840	-	-	64,840	34,416	10,511	-	44,927	19,913	30,424
Motor Cars	4,250,288	-	-	4,250,288	1,403,855	403,777	-	1,807,632	2,442,656	2,846,433
<b>TOTAL</b>	<b>4,315,128</b>	<b>-</b>	<b>-</b>	<b>4,315,128</b>	<b>1,438,271</b>	<b>414,288</b>	<b>-</b>	<b>1,852,559</b>	<b>2,462,569</b>	<b>2,876,857</b>
<b>PREVIOUS YEAR</b>	<b>4,750,744</b>	<b>5,328</b>	<b>440,944</b>	<b>4,315,128</b>	<b>1,153,564</b>	<b>413,424</b>	<b>128,717</b>	<b>1,438,271</b>	<b>2,876,857</b>	<b>3,597,180</b>

**NATRAJ FINANCIAL & SERVICES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011**

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>SCHEDULE - 5 :</b>		
<b><u>INVESTMENTS : AT COST</u></b>		
<b>INVESTMENTS: - (Long Term)</b>	<b>Face</b>	<b>No. of</b>
<b>Fully Paid-up, Quoted</b>	<b>value</b>	<b>Shares</b>
	<b>(Rs.)</b>	
Autoline Industries Ltd	10	500
Cambridge Solution Ltd	10	2,000
Sunteck Realty Ltd	2	7,500
Unichem Laboratories Ltd	5	1,050
	-	82,612
	-	173,500
	-	875,882
	-	199,395
	-	<b>1,331,389</b>
<b>Investment in Subsidiary</b>		
<b>Fully Paid-up</b>		
Balaji Corporation Pvt Ltd	10	500,000
	<b>5,000,000</b>	<b>5,000,000</b>
<b>TOTAL INVESTMENT</b>	<b>5,000,000</b>	<b>6,331,389</b>
Market Value of quoted investments	-	<b>4,989,273</b>
<b>SCHEDULE - 6 :</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six months	3,089,877	3,089,877
- Other debts	88,567,415	117,039,305
	<b>91,657,292</b>	<b>120,129,182</b>
<b>SCHEDULE - 7 :</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash in Hand	525,800	610,846
Balance with Scheduled Banks In Current Accounts	1,907,648	628,050
	<b>2,433,448</b>	<b>1,238,895</b>
<b>SCHEDULE - 8 :</b>		
<b><u>LOANS &amp; ADVANCES &amp; DEPOSITS</u></b>		
(Unsecured, considered good)		
Advance Recoverable in cash or in kind	248,470,183	321,317,803
Deposits	12,285,000	14,040,000
FBT, Advance Tax & TDS	2,134,044	1,724,491
	<b>262,889,227</b>	<b>337,082,294</b>
<b>SCHEDULE - 9 :</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>Current Liabilities</b>		
Sundry Creditors		
- Total outstanding dues to Micro & Small Enterprises		-
- Total outstanding dues to other then Micro & Small Enterprises	7,895,993	114,081,032
Other Liabilities	2,193,975	759,627
Provision for taxation	1,778,252	1,780,264
	<b>11,868,220</b>	<b>116,620,923</b>

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>S C H E D U L E - 10 :</b>		
<b><u>SALES:</u></b>		
Gold	641,509,460	115,880,500
Shares	5,379,129	11,653,179
	<b>646,888,589</b>	<b>127,533,679</b>
<b>S C H E D U L E - 11 :</b>		
<b><u>INCREASE/(DECREASE) IN INVENTORIES</u></b>		
Opening Stock	-	-
Closing Stock	4,191,000	-
	<b>4,191,000</b>	-
<b>S C H E D U L E - 12:</b>		
<b><u>OTHER INCOME</u></b>		
Compansation for waver of wright	-	5,000,000
Dividend Income	8,250	8,900
Interest Income	3,522,033	3,129,580
{TDS of Rs.3,98,553/- (previous year Rs.7,64,175)}		
	<b>3,530,283</b>	<b>8,138,480</b>
<b>S C H E D U L E - 13 :</b>		
<b><u>PURCHASES</u></b>		
Gold	641,255,200	112,401,500
Shares	1,331,389	14,752,016
	<b>642,586,589</b>	<b>127,153,516</b>
<b>S C H E D U L E - 14 :</b>		
<b><u>Personnel Expenses</u></b>		
Salary & wages	879,000	-
	<b>879,000</b>	-
<b>S C H E D U L E - 15 :</b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES:</u></b>		
Advertising Expenses	53,440	95,762
Auditors Remuneration	71,695	66,180
Bank Charges	27,499	45,382
BSE Charges & Annual Fees	36,399	138,145
Conveyance Expenses	-	8,768
Demat Charges	-	82,235
Insurance	-	13,789
Custodial Fees (NSDL and CDSL)	140,522	20,364
Legal Fees	45,000	22,925
Loss on Sale of Fixed Assest	-	199,399
Miscellaneous Expenses	59,247	8,358
Printing & Stationery	118,455	18,122
Professional Fees	1,900,756	1,126,562
Rent	192,000	120,000
Miscellanoeous/ Preliminary Exp w/off	326,934	202,334
Telephone Expenses	36,749	3,012
Sundry Balance written-off	236,550	557,059
Brokerage & ommission	420,881	-
Repair & Maintance	13,811	-
	<b>3,679,938</b>	<b>2,728,396</b>

# NATRAJ FINANCIAL & SERVICES LIMITED

## **ANNEXURE : A**

### **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

#### **1. Registration Details**

Registration No.	:	L74999MH1984PLC032274
State Code	:	11
Balance Sheet Date	:	31st March, 2011

#### **2. Capital Raised During the Year**

(Amt. ₹ in '000)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Pvt. Placement (Preferential Issue and Merger)	:	Nil

#### **3. Position of mobilisation and deployment of Funds**

(Amt. ₹ in '000)

Total Liabilities	:	357,667.08
Total Assets	:	357,667.08

#### **Sources Of Funds**

(Amt. ₹ in '000)

Paid Up Capital	:	230,800.00
Reserves & Surplus	:	124,945.11
Secured Loans	:	-
Unsecured Loans	:	1,800.00
Net Deferred Tax Liability	:	121.97

#### **Application Of Funds**

(Amt. ₹ in '000)

Net Fixed Assets	:	2,462.57
Investments	:	5,000.00
Net Current Assets	:	349,302.75
Miscellaneous Expenditure	:	901.76
Accumulated Losses	:	-

#### **4. Performance Of Company**

(Amt. ₹ in '000)

Turnover (Gross Receipts)	:	654,609.87
Total Expenditure	:	647,561.18
Profit/(Loss) before tax	:	7,048.69
Profit/(Loss) after tax	:	6,034.02
Earnings Per Share (in Rs.)	:	0.33
Dividend, if any	:	
-on Preference Shares	:	Nil
-on Equity Shares	:	Nil

#### **5. Generic Names of Principal Products,**

##### **Services of the Company:**

Item Code No.	:	
(ITC Code)	:	Not Applicable
Product Description	:	Gold Bar

**For and on behalf of the Board**

**Kumarpal Punamiya**  
Whole Time Director

**Manisha Anand**  
Director

# **NATRAJ FINANCIAL & SERVICES LIMITED**

## **SCHEDULE '16'**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**

#### **NATURE OF BUSINESS:**

Natraj Financial & Services Limited (NFSL) is engaged in the business of Real Estate, Investment and Bullion Trading.

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### **Basis of preparation:**

The Financial Statements of the company are prepared under the historical cost convention on accrual basis of accounting, in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956, and generally accepted accounting principles in India. The accounting policies have been consistently applied by the company during the year. The significant accounting policies are as follows:

(a) **Basis of Accounting:**

These accounts are prepared on the historical cost convention and on the mercantile basis.

(b) **Revenue Recognition:**

All incomes and expenditure are recognized as per 'Accounting Standard- 9' accounted on accrual basis except where stated otherwise.

Dividends on investments are accounted for when the right to receive the dividend is established.

(c) **Fixed Assets:**

Fixed Assets are stated at cost less depreciation, cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Depreciation is provided on Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added during the year, is provided on pro-rata basis.

(d) **Investments :**

All investments are of long term in nature and are valued at Cost.

(e) **Inventory :**

Inventories are valued at cost or market value whichever is lower.

(f) **Retirement and other employee benefits**

i. P.F. and E.S.I.C. Scheme is not applicable to the Company.

ii. Gratuity is accounted as and when it becomes due.

(g) **Contingent Liabilities**

Claims against the company not acknowledged as debts relating to normal business transactions and show cause notices and demands disputed by the company are treated as contingent liabilities. Provision, if any is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

(h) **Earning per share**

Basic earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period. Diluted earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period and also included dilutive potential equity shares outstanding during the period.

(i) **Miscellaneous Expenditure**

Other Expenditure:

Initial Legal & professional fees for BSE Membership & Stamp Duty for Issue of Share Certificates are amortized over a period of 5 years.

(j) **Taxation:**

Current tax is determined as the tax payable in respect of taxable income for the year if any.

Deferred tax for the year is recognised on timing difference; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable / virtual certainty of realization

## II. **NOTES ON ACCOUNTS :**

### 1. **Sale of Investment in Subsidiary**

The Subsidiary of the Company, Balaji Corporation Pvt. Ltd. had mortgage its Property situated at Wadala, Mumbai and given corporate guarantee amounting to ₹ 35.00 crores for credit facilities enjoyed by Balaji Bullions & Commodities (I) Private Limited. (**"The Borrower Company"**) to Bank of India, Bullion Exchange Branch, Mumbai. The Borrower was unable to pay the dues to Bank of India due to non realization from overseas customer's & their own. Consequently the said credit facility is classified by the Bank as Non – Performing Assets (NPA) on 06<sup>th</sup> November 2010. The bank has served the SARFESAI notice & possession letter to Subsidiary Company also in its capacity as a 'Guarantor' to recover its dues.

In view of the above, the Board of Directors was forced to take decision to sale off the Investment of the Company in its Subsidiary and hence sought the approval of the Members by way of passing an Ordinary Resolution u/s. 293(1)(a) of the Companies Act, 1956 through Postal Ballot which was approved by the Members of the Company with requisite majority. Thereafter The company at its meeting held on May 23, 2011, executed Share Purchase Agreement ("SPA") with Mr. Pankaj Goshar to sell its 100 % stake of 5,00,000 equity shares of ₹ 10/- each for a total consideration of ₹ 10.50 crores in Balaji Corporation Private Ltd, The Subsidiary i.e. Balaji Corporation Private Limited will cease to be a subsidiary of the Company from the date of transfer of shares to Mr. Pankaj Goshar

### 2. **Contingent Liabilities –**

Contingent Liabilities in respect of Income Tax Demand for the A.Y. 2006-07 of ₹ 8,08,662/- and ₹ 8,14,293/ and For the A.Y. 2008-09 of ₹ 21,87,080/- are not provided in the books of Accounts. The company has filed an appeal to Commissioner of Income Tax (Appeal) against the above orders.

Contingent Liabilities in respect of Stamp Duty demand of ₹ 30, 75,492/- with respect to order under section 391 & 394 of the companies act 1956 passed by Hon'ble High court pertaining to scheme of Amalgamation of companies is not provided in the books of accounts as the same is not tenable as per the management.

Contingent liabilities with respect to inspection carried by Regional Director (WR), Ministry of Corporate Affairs under section 209A of the Companies Act, 1956 during the year 2010 are not provided in books of accounts, as there was no major discrepancy/ irregularities are observed during the inspection.

3. The Balance of Sundry Debtors, Loans & Advances and Current Liabilities are subject to confirmation from parties.
4. The Company has not provided for Gratuity and Leave Encashment to Employees on accrual basis, which is not in conformity with AS – 15 issued by ICAI. However, in the opinion of management the amount involved is negligible and has no impact on Profit & Loss Account.
5. In the opinion of the management, loans & advances are recoverable at the value stated in the financial statements and adequate provisions have been made in the accounts for all known liabilities.
6. Additional information pursuant to the provisions of Clause 4a of Part II of Schedule VI of the Companies Act, 1956:

Commission (u/s 349)                      “Nil”.

7. Additional information pursuant to the provisions of Clause 4b of Part II of Schedule VI of the Companies Act, 1956:

(Amount in ₹)		
Auditor Remuneration :	2010-11	2009-10
- For Statutory Audit	40,000	35,000
- For Tax Audit	15,000	15,000
- For Vat Audit	10,000	10,000
- Service Tax	7,170	6,180

8. Additional information pursuant to the provisions of Paragraphs 4d of Part II of Schedule VI of the Companies Act, 1956:

- a. Expenditure in Foreign currency      “Nil”
- b. Earning in Foreign currency          “Nil”

9. Accounts payable to Small Scale Industrial Undertaking the head of Sundry Creditors – Nil  
(Previous Year – Nil)

#### 10. **Related Party Disclosures :**

##### A. Related Parties and Nature of Relationship :

##### I. Companies in which Directors having significant influence

1. Balaji Universal Tradelink Private Limited
2. Balaji Bullions & Commodities (I) Private Limited
3. Balaji Lifestyle Realtors Private Limited
4. Balaji Propbuilders Private Limited
5. Balaji Refinery Limited
6. Labh Commodities Private Limited
7. Om Movies Production Private Limited
8. Amla Global Impex Private Limited
9. Threewin Maritime (I) Private Limited
10. Hill View Impex Private Limited
11. Jaguar Energy & Power Limited
12. Jaguar Gems & Jewellery Limited
13. Orbit Diamonds Private Limited
14. Shree Baiju Trading & Investments Pvt. Ltd.
15. Bright Telecom India Private Limited #
16. RAS Extrusions Limited
17. RAS Propack Lamipack Limited
18. Paridhi Overseas Private Limited

II. Subsidiary  
Balaji Corporation Private Limited

III. Firms in which Directors are Partners/Proprietor

1. Silver Coin
2. Balaji Builders & Developers
3. Burhani Builders & Developers
4. Balaji Enterprises
5. Devshanti Developers
6. Khajana Jewellers

IV. Key Management Personnel  
Manoj Punamiya  
Kumar Pal Punamiya

# Related Director/Partner/ Proprietor Resigned on 30<sup>th</sup> March 2011

*B. Transaction with Related Parties.*

	Companies in which Directors having Significant Influence	Firms in which Directors are Partners or Proprietors	Key Management personnel & their relative.
<u>Transaction Value</u>			
Director Remuneration	-	-	3,30,000/-
Reimbursement of Exp.	72,000		-
Debit/Credit Balance O/s as on 31.03.2011	72,000 (Cr.)		9,550/- (Cr.)
<u>Loan/Deposits Transactions</u>			
Deposits/Loans Taken	-	-	-
Deposits/Loans Repaid	-	-	-
Deposits/Loans Given	-	-	-
Deposits/Loans Repaid	-	-	-
Outstanding Dr./Cr. As on 31.03.2011	-	-	-

**11. Earning per share (AS-20):**

The company has issued potential equity shares, accordingly, basic and diluted earnings per share are as under:-

Particulars	2010-2011	2009-2010
Net Profit after Tax (₹)	60,34,017	31,00,590
Weighted Average No. of Equity Shares for computing Basic EPS	18,691,616	87,20,000
Dilutive impact of shares to issued pursuant to Merger	-	1,12,80,000
Weighted Average No. of Equity Shares for computing Diluted EPS		2,00,00,000
Nominal Value of Share (₹)	10	10
Basic and diluted Earning per share (₹)	0.33	0.36
Diluted Earning per Share (₹)	0.33	0.16



**12. Accounting for taxes on income (AS-22):**

Break up of net deferred Tax Liabilities into major components of the respective balance are as follows:

	<u>Amt (₹)</u> <b>31.03.2011</b>	<u>Amt (₹)</u> <b>31.03.2010</b>
Deferred Tax Assets/(Liabilities) during the year		
Difference Between Book & Tax depreciation	10,328/-	72,768/-

**13. Segment Information (AS-17):**

The Segments are identified based on the dominant sources and nature of risks and return. Unallocated Corporate Expenses relate to the enterprises as a whole and are not attributable to the segments.

<b>(Amount in ₹)</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
1	Segment Revenue		
	a) Bullion	41,509,000	15,880,500
	b) Securities	5,379,129	11,653,179
	c) Real Estate		5,000,000
	d) others	3,530,283	3,138,480
	Total	650,418,412	35,672,159
	Less : -		
	Intersegment Revenue		-
	Sales/Income from operation	650,418,412	135,672,159
2	Segment Results		
	[Profit/(Loss) before tax and interest from each segment]		
	a) Bullion	4,445,000	3,479,000
	b) Securities	4,046,717	(3,098,837)
	c) Real Estate	-	5,000,000
	d) others	3,530,283	3,138,480
	Total	2,022,000	8,518,644
	Less : -		
	i) Interest	-	50,346
	ii) Other un-allocable expenditure net unallowable income	4,973,311	3,916,611
	Total profit before Tax	7,048,689	4,551,686

**14.** As required by accounting standard (AS 28) “Impairment of Assets” issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

**15.** Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956:

<b>Details of Purchase &amp; Sales</b>		<b>Quantity</b>	
		<b>Current Year</b>	<b>Previous Year</b>
Purchase	Shares (Nos.)	0	8000
	Gold ( kg )	333	70
Sales	Shares (Nos.)	11,050	8000
	Gold ( kg )	331	70

Details of Stock on Hand		Quantity	
		Current Year	Previous Year
Opening Stock	Shares (Nos.)	Nil	Nil
	Gold ( kg )	Nil	Nil
Closing Stock	Shares (Nos.)	Nil	Nil
	Gold ( kg )	2	Nil

16. Schedule 1 to 15 form an integral part of the Balance Sheet as at 31<sup>st</sup> March 2011 and the P & L A/c for the year ended on that date.
17. Prior year amounts have been regrouped & reclassified, where necessary, to confirm to current year's presentation.
18. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.
19. Balance Sheet abstract and company's general business profile as per the annexure A.

**For DMKH & Co.,**  
**Chartered Accountants**  
 Firm Reg. No. – 116886W

**For and on behalf of the Board of the directors**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
 Place: Mumbai  
 Date: 31.05.2011

**Kumarpal Punamiya**  
**Whole time Director**

**Manisha Anand**  
**Director**

**Statement in accordance with the provisions of Section 212 of the Companies Act, 1956**

Name of the Subsidiary			Balaji Corporation Pvt. Ltd.
1.	Financial year of the subsidiary ended on		31.03.2011
2.	Extent of interest of the Company in subsidiary		
	(a) Face value	₹	10
	(b) No. of shares held by the Company	Nos.	5,00,000
	(c) Shareholding Percent	%	96.15
3.	Net aggregate amount of profit/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of the holding company		
	- For the financial year of the subsidiary	₹	(21,311)
	- For the previous financial years of the company since it became a subsidiary	₹	(16,605)
4.	Net aggregate amount of profit/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of the holding company		
	- For the financial year of the subsidiary	₹	Nil
	- For the previous financial years of the company since it became a subsidiary	₹	Nil
5.	Capital	₹	52,00,000
6.	Reserves	₹	9,98,44,893
7.	Total Assets	₹	39,10,23,703
8.	Total Liabilities	₹	39,10,23,703
9.	Total Income	₹	Nil
10.	Total Expenditure	₹	8,665
11.	Profit after taxation	₹	(22,165)
12.	Proposed Dividend	₹	Nil

# DMKH & CO

## CHARTERED ACCOUNTANTS

C-9, Sanjay Apartments, Near Gokul Hotel, SVP Road, Borivali (W), Mumbai –400 092

E-mail : info@dmkhca.com, website : www.dmkhca.com Ph: 022-28916494, Fax 022-28916495

### AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors of **NATRAJ FINANCIAL & SERVICES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **NATRAJ FINANCIAL & SERVICES LIMITED** and its subsidiary (the group), as at March 31, 2011, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the Financial Statement of Subsidiaries, whose financial statement reflect the group's share of net assets of Rs. 3,908.22 lacs as at March 31, 2011 and group share of net loss (after tax) of Rs. 0.22 Lacs for the year ended on that date, which are considered in the Consolidated Financial Statements. This Financial Statement and other financial information have been audited by other auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Statement-21, "Consolidated Financial Statement" issued by the Instituted of Chartered Accountants of India.
5. Based on our audit, and on consideration of the report of the other auditors on the separated financial statement of the Subsidiaries and other financial information of its components, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statement give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011.
  - (b) In the case of the Consolidated Profit & Loss account, of the Profit of the Group for the year ended on that date; and
  - (c) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **DMKH & Co.**

Chartered Accountants

Firm Reg. No. – 116686W

**CA. Durgesh Kabra**

**Partner**

M. No. 044075

Place: Mumbai.

Date: 31.05.2011

**NATRAJ FINANCIAL & SERVICES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

PARTICULARS	SCHEDULE	AS AT 31-3-2011 ₹	AS AT 31-3-2010 ₹
<b><u>I. SOURCES OF FUNDS:</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	1	230,800,000	230,800,000
Reserves & Surplus	2	220,949,817	214,937,112
		<b>451,749,817</b>	<b>445,737,112</b>
<b>Loan Funds</b>			
Secured Loan		-	-
Unsecured Loan	3	287,701,600	275,005,000
		<b>287,701,600</b>	<b>275,005,000</b>
Minority Interest		4,040,188	4,041,041
Deferred Tax Liabilities		144,073	140,901
<b>Total</b>		<b>743,635,678</b>	<b>724,924,054</b>
<b><u>II. APPLICATION OF FUNDS:</u></b>			
<b>Fixed Assets</b>	4		
Gross Block		5,739,832	4,887,895
Less : Depreciation		2,039,207	1,462,750
Net Block		<b>3,700,625</b>	<b>3,425,145</b>
<b>Investments</b>	5	-	1,331,389
<b>Current Assets, Loans &amp; Advances</b>			
Inventory	6	394,612,991	376,488,633
Sundry Debtors	7	91,657,292	120,129,182
Cash & Bank Balances	8	2,990,441	1,903,734
Loans & Advances & Deposits	9	279,055,271	338,145,896
		<b>768,315,995</b>	<b>836,667,445</b>
<b>Less: Current Liabilities &amp; Provisions</b>	10	29,429,006	117,325,073
<b>Net Current Assets</b>		<b>738,886,989</b>	<b>719,342,372</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Share Issue Expenses		908,064	615,148
Deferred Revenue Expenses		140,000	210,000
<b>Total</b>		<b>743,635,678</b>	<b>724,924,054</b>
Significant Accounting Policies and Notes forming part of the Accounts	18		

**For DMKH & Co.**  
**Chartered Accountants**  
**Firm Reg. No. – 116886W**

**For and on behalf of the Board**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
Place: Mumbai  
Date : 31/05/2011

**Kumarpal Punamiya**  
**Whole Time Director**

**Manisha Anand**  
**Director**

**NATRAJ FINANCIAL & SERVICES LIMITED**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

PARTICULARS	SCHEDULE	31-3-2011 ₹	31-3-2010 ₹
<b><u>INCOME:</u></b>			
Sales	11	646,888,589	127,533,679
Increase/(decrease) in Inventories	12	18,124,358	7,376,530
Other income	13	3,530,283	8,138,480
<b>Total</b>		<b>668,543,230</b>	<b>143,048,689</b>
<b><u>EXPENSES:</u></b>			
Purchases	14	642,586,589	127,153,516
Cost of Construction	15	13,933,358	7,376,530
Expenses For Employees	16	879,000	774,790
Administrative & Other Expenses	17	3,688,603	2,737,061
Depreciation		414,288	413,424
Interest & Finance Charges		1,368	50,346
<b>Total</b>		<b>661,503,206</b>	<b>138,505,668</b>
<b>Profit Before Tax</b>		7,040,024	4,543,022
Provision for FBT		-	-
Provision for Tax - Current Tax		1,025,000	1,523,864
- Deferred Tax		3,172	(64,164)
<b>Profit before Minority Interest</b>		6,011,853	3,083,322
Minority Interest		(853)	(664)
<b>Profit for the period carried to profit &amp; loss A/c</b>		<b>6,012,705</b>	<b>3,083,986</b>
<b>Basic EPS (Rs.)</b>		0.33	0.35
<b>Diluted EPS (Rs.)</b>		0.33	0.15

Significant Accounting Policies and Notes forming  
part of the Accounts

18

**For DMKH & Co.**  
**Chartered Accountants**  
**Firm Reg. No. – 116886W**

**For and on behalf of the Board**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
Place: Mumbai  
Date : 31/05/2011

**Kumarpal Punamiya**  
**Whole Time Director**

**Manisha Anand**  
**Director**

# NATRAJ FINANCIAL & SERVICES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-2011

Particulars	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>A. Cash Flow from Operating Activities</b>		
Net profit before Tax as per Profit & Loss Account	7,040,024	4,543,022
Adjusted for:		
Depreciation	576,457	437,903
(Profit)/Loss on Sale of Fixed Assets	-	199,399
(Profit)/Loss on Sale of Investment	(4,047,740)	-
Share Issue Expenses written off	400,084	275,484
<b>Operating Profit before Working Capital Changes</b>	<b>3,968,825</b>	<b>5,455,808</b>
Adjusted for:		
(Increase)/ Decrease in Stock in trade	(18,124,358)	(7,376,530)
Trade and Other receivables	87,562,514	(372,618,317)
Trade Payables	(88,921,067)	115,289,991
Income Tax Refund/(Paid)		(1,523,863)
	<b>(19,482,910)</b>	<b>(266,228,719)</b>
<b>Cash flow from Operations</b>	<b>(15,514,085)</b>	<b>(260,772,911)</b>
Advance Tax & TDS		(544,147)
<b>Cash Flow from Operating Activities (A)</b>	<b>(15,514,085)</b>	<b>(261,317,058)</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale/(Purchase) of Fixed Assets	(851,937)	(465,267)
sale of Investment	5,379,129	-
<b>Net Cash used in Investing Activities (B)</b>	<b>4,527,192</b>	<b>(465,267)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds From Share Capital		73,000,000
Payment to Secured Loans		(440,387)
Proceeds from Unsceured Loans	12,696,600	5,533,000
Share Issue Expenses	(623,000)	(655,519)
Share Premium		183,230,000
<b>Net Cash used in Financing Activities (C)</b>	<b>12,073,600</b>	<b>260,667,094</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>1,903,734</b>	<b>36,628</b>
<b>Add: Balance transferred on merger</b>		<b>73,916</b>
<b>Add: Opening Balance on first consolidation</b>		<b>2,908,421</b>
	<b>1,903,734</b>	<b>3,018,965</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>1,086,707</b>	<b>(1,115,231)</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>2,990,441</b>	<b>1,903,734</b>

**For DMKH & Co.**  
**Chartered Accountants**  
**Firm Reg. No. – 116886W**

**For and on behalf of the Board**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
 Place: Mumbai  
 Date : 31/05/2011

**Kumarpal Punamiya**  
**Whole Time Director**

**Manisha Anand**  
**Director**

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>S C H E D U L E - 1 :</b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised Capital</u></b>		
2,40,00,000 Equity Shares of Rs.10/- each	<u>240,000,000</u>	<u>150,000,000</u>
(Last year 1,50,00,000 Equity Shares of Rs.10/- each fully paid)		
<b><u>Issued, subscribed and paid-up</u></b>		
2,30,80,000 Equity Shares of Rs.10/- each fully paid	230,800,000	118,000,000
(Last year 1,18,00,000 Equity Shares of Rs.10/- each fully paid)		
Share Suspense	-	112,800,000
[Pursuant to the Scheme of Amalgamation of Luxury Exports Pvt. Ltd. (LEPL) with company, 1,12,80,000 equity shares of Rs. 10/- each to be issued to the shareholders of LEPL as fully paid up.]		
	<u>230,800,000</u>	<u>230,800,000</u>
<b>S C H E D U L E - 2 :</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b><u>Security Premium</u></b>		
As Per Last Balance Sheet	110,530,000	35,000,000
Add : Addition during the year	-	183,230,000
Add : Adjustment during the year	-	4,500,000
Add : Adjustment during the year	-	(112,200,000)
<b>A</b>	<u>110,530,000</u>	<u>110,530,000</u>
<b><u>Capital Reserve</u></b>		
As Per Last Balance Sheet	3,000,000	3,000,000
<b>B</b>	<u>3,000,000</u>	<u>3,000,000</u>
<b><u>Capital Reserve on Consolidation</u></b>		
Consolidation of Balaji Corporation Pvt Ltd	96,042,622	96,042,622
<b>C</b>	<u>96,042,622</u>	<u>96,042,622</u>
<b><u>Profit &amp; Loss Account</u></b>		
As Per Last Balance Sheet	5,364,490	2,299,583
Add : Addition during the year	6,012,705	3,083,986
Add : Adjustment during the year	-	(19,079)
<b>D</b>	<u>11,377,195</u>	<u>5,364,490</u>
<b>(A+B+C+D)</b>	<u>220,949,817</u>	<u>214,937,112</u>
<b>S C H E D U L E - 3 :</b>		
<b><u>UNSECURED LOANS</u></b>		
From Directors	-	-
From Others	287,701,600	275,005,000
	<u>287,701,600</u>	<u>275,005,000</u>



**SCHEDULE 4 : FIXED ASSETS**

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2010	ADDITIONS	DELETION/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 01.04.2010	FOR THE YEAR	DELETION/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
Computers	64,840			64,840	34,416	10,511		44,927	19,913	30,424
Motor Cars	4,250,288	-	-	4,250,288	1,403,855	403,777	-	1,807,632	2,442,656	2,846,433
Air Conditioner	37,000			37,000	4,413	4,533		8,946	28,054	32,587
Site Equipment	535,767	851,937	-	1,387,704	20,066	157,636	-	177,702	1,210,002	515,701
<b>TOTAL</b>	<b>4,887,895</b>	<b>851,937</b>	<b>-</b>	<b>5,739,832</b>	<b>1,462,750</b>	<b>576,457</b>	<b>-</b>	<b>2,039,207</b>	<b>3,700,625</b>	<b>3,425,145</b>
<b>PREVIOUS YEAR</b>	<b>4,750,744</b>	<b>578,095</b>	<b>440,944</b>	<b>4,887,895</b>	<b>1,153,564</b>	<b>437,903</b>	<b>128,717</b>	<b>1,462,750</b>	<b>3,425,145</b>	<b>-</b>

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>SCHEDULE - 5 :</b>		
<b><u>INVESTMENTS : AT COST</u></b>		
<b>INVESTMENTS: - (Long Term)</b>	<b>Face value No. of Shares</b>	
<b>Fully Paid-up, Quoted</b>	<b>(Rs.)</b>	
Autoline Industries Ltd	10 500	- 82,612
Cambridge Solution Ltd	10 2,000	- 173,500
Sunteck Realty Ltd	2 7,500	- 875,882
Unichem Laboratories Ltd	5 1,050	- 199,395
<b>TOTAL INVESTMENT</b>	<b>-</b>	<b>1,331,389</b>
Market Value of quoted investments	<b>-</b>	<b>4,989,273</b>
<b>SCHEDULE - 6 :</b>		
<b><u>INVENTORIES (As taken, valued and certified by the management)</u></b>		
(At lower of cost and realisable value)		
Construction Project	390,421,991	376,488,633
Gold	4,191,000	-
	<b>394,612,991</b>	<b>376,488,633</b>
<b>SCHEDULE - 7 :</b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six months	3,089,877	3,089,877
- Other debts	88,567,415	117,039,305
	<b>91,657,292</b>	<b>120,129,182</b>
<b>SCHEDULE - 8 :</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash in Hand	723,245	759,630
Balance with Scheduled Banks In Current Accounts	2,267,196	1,084,105
Pay Order in Hand	-	60,000
	<b>2,990,441</b>	<b>1,903,734</b>
<b>SCHEDULE - 9 :</b>		
<b><u>LOANS &amp; ADVANCES &amp; DEPOSITS</u></b>		
(Unsecured, considered good)		
Advance Recoverable in cash or in kind	263,836,227	321,881,405
Deposits	13,085,000	14,540,000
FBT, Advance Tax & TDS	2,134,044	1,724,491
	<b>279,055,271</b>	<b>338,145,896</b>
<b>SCHEDULE - 10 :</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>Current Liabilities</b>		
Advance Against Project	17,025,000	-
Sundry Creditors	-	-
- Total outstanding dues to Micro & Small Enterprises	-	-
- Total outstanding dues to other than Micro & Small Enterprises	8,414,414	114,728,839
Other Liabilities	2,193,976	815,970
Provision for taxation	1,795,616	1,780,264
	<b>29,429,006</b>	<b>117,325,073</b>

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>S C H E D U L E - 11 :</b>		
<b><u>SALES:</u></b>		
Gold	641,509,460	115,880,500
Shares	5,379,129	11,653,179
	<b>646,888,589</b>	<b>127,533,679</b>
<b>S C H E D U L E - 12 :</b>		
<b><u>INCREASE/(DECREASE) IN INVENTORIES</u></b>		
Opening Stock	376,488,633	369,112,103.00
Closing Stock	394,612,991	376,488,633.00
	<b>18,124,358</b>	<b>7,376,530</b>
<b>S C H E D U L E - 13:</b>		
<b><u>OTHER INCOME</u></b>		
Compensation for waiver of Wright	-	5,000,000
Dividend Income	8,250	8,900
Interest Income	3,522,033	3,129,580
{ TDS of Rs.3,26,628/- (previous year Rs.7,64,175)}		
	<b>3,530,283</b>	<b>8,138,480</b>
<b>S C H E D U L E - 14 :</b>		
<b><u>PURCHASES</u></b>		
Gold	641,255,200	112,401,500
Shares	1,331,389	14,752,016
	<b>642,586,589</b>	<b>127,153,516</b>
<b>S C H E D U L E - 15 :</b>		
<b><u>COST OF CONSTRUCTION</u></b>		
Building Material	7,491,336	979,173
Excavation Charges	330,000	2,102,500
Electricity Expenses	414,222	317,402
Site Expenses	586,161	488,074
Depreciation	162,169	24,479
Labour Charges	2,202,887	1,057,853
Insurance Charges	36,961	84,242
Rent, Rates & Overheads	166,000	513,438
<b><u>Overheads Allocated</u></b>		
Office & Administrative	1,662,332	1,114,137
Expenses for Employees	881,290	695,232
	<b>13,933,358</b>	<b>7,376,530</b>
<b>S C H E D U L E - 16 :</b>		
<b><u>EXPENSES FOR EMPLOYEES</u></b>		
Incurred during the year	1,760,290	1,470,022
Less: Allocated to Cost of Construction	881,290	695,232
	<b>879,000</b>	<b>774,790</b>

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

P A R T I C U L A R S	31-3-2011 ₹	31-3-2010 ₹
<b>S C H E D U L E - 17 :</b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES:</u></b>		
Advertising Expenses	53,440	95,762
Auditors Remuneration	115,815	110,300
Bank Charges	31,699	53,262
BSE Charges & Annual Fees	44,120	138,145
Conveyance Expenses	-	8,768
Demat Charges	96,402	82,235
Insurance	-	13,789
Listing Fees	36,399	20,364
Legal Fees	45,000	22,925
Loss on Sale of Fixed Assest	-	199,399
Miscellaneous Expenses	193,525	70,091
Printing & Stationery	124,255	30,481
Professional Fees	3,088,226	1,786,375
Rent	192,000	120,000
Security Services	204,774	250,838
Miscellanoeous/ Preliminary Exp w/off	400,084	275,484
Telephone Expenses	53,954	15,921
Sundry Balance written-off	236,550	557,059
Brokerage & Commission	420,881	-
Repair & Maintanance	13,811	-
	<b>5,350,935</b>	<b>3,851,198</b>
Less: Allocated to Cost of Construction	1,662,332	1,114,137
	<b>3,688,603</b>	<b>2,737,061</b>

# NATRAJ FINANCIAL & SERVICES LIMITED

## SCHEDULE '19'

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

#### NATURE OF BUSINESS:

Natraj Financial & Services Limited (NFSL) is engaged in the business of Real Estate, Investment, and Bullion Trading.

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### Basis of preparation:

The consolidated financial statements are prepared in accordance with AS 21 on Consolidated Financial Statements notified under Companies Accounting Standard Rules, 2006.

- i. The financial statements of the holding company and its subsidiary company are prepared according to uniform accounting policies, according to generally accepted accounting policies in India.
- ii. The financial statements of the holding company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, incomes and expenses after eliminating all inter-company balances / transactions and resulting unrealized gain / loss, if any.
- iii. The financial statements of subsidiary used in consolidation are drawn up to the same reporting dates as that of the holding company.
- iv. The deficit value of the consideration given over the net value of the identifiable assets acquired in the subsidiary company is recognised as "Capital Reserve on Consolidation".
- v. Minority Interest's share of net profit/loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- vi. Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.
- vii. Subsidiaries included in Consolidation

Name of the Enterprise	Nature of Business	Share holding/ Controlling Interest
Balaji Corporation Private Limited	Real Estate	96.15 %

The significant accounting policies are as follows:

##### (a) Basis of Accounting:

These accounts are prepared on the historical cost convention and on the mercantile basis.

##### (b) Revenue Recognition:

All incomes and expenditure are recognized as per 'Accounting Standard- 9' accounted on accrual basis except where stated otherwise.

Dividends on investments are accounted for when the right to receive the dividend is established. Revenue from Real Estate Projects is recognised on the “Percentage of Completion Method” of accounting. Revenue comprises the aggregate amounts of sale price in terms of the agreement entered into and is recognised on the basis of percentage of actual cost incurred thereon, including proportionate land cost and total estimated cost of projects under execution, subject to such additional costs being 20% or more of the total estimated costs.

Where aggregate of payment received provides sufficient evidence of buyers’ commitment to make the complete payment, revenue is recognised only to the extent of realization.

The estimate of saleable areas and costs are reviewed periodically by the management and any effect of changes in estimates to exceed total revenues from the project, the loss is recognised immediately.

**(c) Fixed Assets:**

Fixed Assets are stated at cost less depreciation, cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Depreciation is provided on Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added during the year, is provided on pro-rata basis.

**(d) Investments :**

All investments are of long term in nature and are valued at Cost.

**(e) Inventory :**

Inventories are valued at cost or market value whichever is lower. Cost is determined on FIFO basis.

Projects in progress are valued at cost. Cost includes cost of land, development expenses, materials, construction, services, borrowing costs, other overheads relating to projects and advance against projects under execution.

**(f) Retirement and other employee benefits**

- i. P.F. and E.S.I.C. Scheme is not applicable to the Company.
- ii. Gratuity is accounted as and when it becomes due.

**(g) Contingent Liabilities**

Claims against the company not acknowledged as debts relating to normal business transactions and show cause notices and demands disputed by the company are treated as contingent liabilities. Provision, if any is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

**(h) Earning per share**

Basic earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period. Diluted earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period and also included dilutive potential equity shares outstanding during the period.

**(i) Miscellaneous Expenditure**

Other Expenditure:

Initial Legal & professional fees for BSE Membership & Stamp Duty for Issue of Share Certificates are amortized over a period of 5 years.

**(j) Taxation:**

Current tax is determined as the tax payable in respect of taxable income for the year if any.

Deferred tax for the year is recognised on timing difference; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable / virtual certainty of realization

## **II. NOTES ON ACCOUNTS :**

### **1. Sale of Investment in Subsidiary -**

The Subsidiary of the Company, Balaji Corporation Pvt. Ltd. had mortgage its Property situated at Wadala, Mumbai and given corporate guarantee amounting to ₹ 35.00 crores for credit facilities enjoyed by Balaji Bullions & Commodities (I) Private Limited. (**"The Borrower Company "**) to Bank of India, Bullion Exchange Branch, Mumbai. The Borrower was unable to pay the dues to Bank of India due to non realization from overseas customer's & their own. Consequently the said credit facility is classified by the Bank as Non – Performing Assets (NPA) on 06<sup>th</sup> November 2010. The bank has served the SARFESAI notice & possession letter to Subsidiary Company also in its capacity as a 'Guarantor' to recover its dues.

In view of the above, the Board of Directors was forced to take decision to sale off the Investment of the Company in its Subsidiary and hence sought the approval of the Members by way of passing an Ordinary Resolution u/s. 293(1)(a) of the Companies Act, 1956 through Postal Ballot which was approved by the Members of the Company with requisite majority. Thereafter The company at its meeting held on May 23, 2011, executed Share Purchase Agreement ("SPA") with Mr. Pankaj Goshar to sell its 100 % stake of 5,00,000 equity shares of ₹ 10/- each for a total consideration of ₹ 10.50 crores in Balaji Corporation Private Ltd, The Subsidiary i.e. Balaji Corporation Private Limited will cease to be a subsidiary of the Company from the date of transfer of shares to Mr. Pankaj Goshar

### **2. Contingent Liabilities –**

Contingent Liabilities in respect of Income Tax Demand for the A.Y. 2006-07 of ₹ 8,08,662/- and ₹8,14,293/ and for the A.Y. 2008-09 of ₹ 21,87,080/- are not provided in the books of Accounts. The company has filed an appeal to Commissioner of Income Tax (Appeal) against the above orders.

Contingent Liabilities in respect of Stamp Duty demand of ₹ 30, 75,492/- with respect to order under section 391 & 394 of the companies act 1956 passed by Hon`ble High court pertaining to scheme of Amalgamation of companies is not provided in the books of accounts as the same is not tenable as per the management.

Contingent liabilities with respect to inspection carried by Regional Director (WR), Ministry of Corporate Affairs under section 209A of the Companies Act, 1956 during the year 2010 are not provided in books of accounts, as there was no major discrepancy violation/irregularities are observed during the inspection.

Corporate Guarantee – ₹ 3500.00 Lacs (P.Y. ₹ 3500.00 Lacs)

3. The Balance of Sundry Debtors, Loans & Advances and Current Liabilities are subject to confirmation from parties.
4. The Company has not provided for Gratuity and Leave Encashment to Employees on accrual basis, which is not in conformity with AS – 15 issued by ICAI. However, in the opinion of management the amount involved is negligible and has no impact on Profit & Loss Account.
5. In the opinion of the management, loans & advances are recoverable at the value stated in the financial statements and adequate provisions have been made in the accounts for all known liabilities.

6. Additional information pursuant to the provisions of Clause 4a of Part II of Schedule VI of the Companies Act, 1956:

Commission (u/s 349) "Nil".

7. Additional information pursuant to the provisions of Clause 4b of Part II of Schedule VI of the Companies Act, 1956:

(Amount in ₹)

<b>Auditor Remuneration :</b>	<b>2010-11</b>	<b>2009-10</b>
- For Statutory Audit	80,000	75,000
- For Tax Audit	15,000	15,000
- For Vat Audit	10,000	10,000
- Service Tax	10,815	10,300

8. Additional information pursuant to the provisions of Paragraphs 4d of Part II of Schedule VI of the Companies Act, 1956:

- a. Expenditure in Foreign currency "Nil"  
b. Earning in Foreign currency "Nil"

9. Accounts payable to Small Scale Industrial Undertaking the head of Sundry Creditors – Nil  
(Previous Year – Nil)

**10. Related Party Disclosures :**

*A. Related Parties and Nature of Relationship :*

**I. Companies in which Directors having significant influence**

1. Balaji Universal Tradelink Private Limited
2. Balaji Bullions & Commodities (I) Private Limited
3. Balaji Lifestyle Realtors Private Limited
4. Balaji Propbuilders Private Limited
5. Balaji Refinery Limited
6. Labh Commodities Private Limited
7. Om Movies Production Private Limited
8. Amla Global Impex Private Limited
9. Threewin Maritime (I) Private Limited
10. Hill View Impex Private Limited
11. Jaguar Energy & Power Limited
12. Jaguar Gems & Jewellery Limited
13. Orbit Diamonds Private Limited
14. Shree Baiju Trading & Investments Pvt. Ltd.
15. Bright Telecom India Private Limited #
16. RAS Extrusions Limited
17. RAS Propack Lamipack Limited
18. Paridhi Overseas Private Limited

**II. Firms in which Directors are Partners/Proprietor**

1. Silver Coin
2. Balaji Builders & Developers
3. Burhani Builders & Developers
4. Balaji Enterprises
5. Devshanti Developers
6. Khajana Jewellers



### III. Key Management Personnel

1. Manoj Punamiya
2. Kumar Pal Punamiya
3. Hasti mal Khandelwal

# Related Director/Partner/ Proprietor Resigned on 30<sup>th</sup> March 2011

#### B. Transaction with Related Parties.

	Companies in which Directors having Significant Influence	Firms in which Directors are Partners or Proprietors	Key Management personnel & their relative.
<b>Transaction Value</b>			
Director Remuneration	-	-	3,30,000/-
Reimbursement of Expenses	72,000		
Debit/Credit Balance o/s as on 31.03.2011	72,000 (Cr.)		9,550/- (Cr.)
<b>Loan/Deposits Transactions</b>			
Advance Repaid	-	-	-
Deposits/Loans Taken	-	-	-
Deposits/Loans Repaid	-	-	-
Deposits/Loans Given	1,70,00,000	-	-
Deposits/Loans Repaid	(18,75,000)	-	-
Outstanding Dr./Cr. As on 31.03.2011	1,51,25,000		

### 11. Earning per share (AS-20):

The company has issued potential equity shares, accordingly, basic and diluted earnings per share are as under:-

Particulars	2010-2011	2009-2010
Net Profit after Tax (₹)	60,11,853	30,83,986
Weighted Average No. of Equity Shares for computing Basic EPS	1,86,91,616	87,20,000
Dilutive impact of shares to issued pursuant to Merger	-	1,12,80,000
Weighted Average No. of Equity Shares for computing Diluted EPS	-	2,00,00,000
Nominal Value of Share (₹)	10	10
Basic and diluted Earning per share (₹)	0.33	0.35
Diluted Earning per Share (₹)	0.33	0.15

### 12. Accounting for taxes on income (AS-22):

Break up of net deferred Tax Liabilities into major components of the respective balance are as follows:

	<u>Amt (₹)</u> 31.03.2011	<u>Amt (₹)</u> 31.03.2010
Deferred Tax Assets/ (Liabilities) during the year		
Difference Between Book & Tax depreciation	(3,172/-)	64,164/-

### 13. Segment Information (AS-17):

The Segments are identified based on the dominant sources and nature of risks and return. Unallocated Corporate Expenses relate to the enterprises as a whole and are not attributable to the segments.

(Amount in ₹)

Sr. No.	Particulars	2010-11	2009-10
<b>1</b>	Segment Revenue		
	a) Bullion	641,509,000	115,880,500
	b) Securities	5,379,129	11,653,179
	c) Real Estate	-	5,000,000
	d) others	3,530,283	3,138,480
	Total	650,418,412	135,672,159
	Less : -		
	Intersegment Revenue	-	-
	Sales/Income from operation	650,418,412	135,672,159
<b>2</b>	Segment Results		
	[Profit/(Loss) before tax and interest from each segment]		
	a) Bullion	4,445,000	3,479,000
	b) Securities	4,046,717	(3,098,837)
	c) Real Estate	-	4,991,335
	d) others	3,530,283	3,138,480
	Total	12,022,000	8,509,979
	Less : -		
	i) Interest	-	50,346
	ii) Other un-allocable expenditure net unallowable income	4,981,976	3,916,611
	Total profit before Tax	7,040,024	4,543,021

14. As required by accounting standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

15. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956:

Details of Purchase & Sales		Quantity	
		Current Year	Previous Year
Purchase	Shares (Nos.)	0	8000
	Gold ( kg )	333	70
Sales	Shares (Nos.)	11,050	8000
	Gold ( kg )	331	70

Details of Stock on Hand		Quantity	
		Current Year	Previous Year
Opening Stock	Shares (Nos.)	Nil	Nil
	Gold ( kg )	Nil	Nil
Closing Stock	Shares (Nos.)	Nil	Nil
	Gold ( kg )	2	Nil

16. Schedule 1 to 17 forms an integral part of the Balance Sheet as at 31<sup>st</sup> March 2011 and the P & L A/c for the year ended on that date.
17. Prior year amounts have been regrouped & reclassified, where necessary, to confirm to current year's presentation.
18. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.
19. Balance Sheet abstract and company's general business profile as per the Annexure A.

**For DMKH & Co.,**  
**Chartered Accountants**  
Firm Reg. No. – 116686W

**For and on behalf of the Board of the directors**

**CA. Durgesh Kabra**  
**Partner**  
**M. No. 044075**  
Place: Mumbai  
Date: 31.05.2011

**Kumarpal Punamiya**  
**Whole time Director**

**Manisha Anand**  
**Director**

## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 4<sup>th</sup> Annual Report together with the Audited Statements of Accounts of the Company for the year ended March 31, 2011.

### **FINANCIAL RESULTS**

The Company has incurred Net Loss of ₹ 22,165/- for the year under review as against Net Loss of ₹17,269/- for the corresponding previous year.

### **OPERATIONS AND FUTURE OUTLOOK**

During the year under review, the construction activity at Plot at Wadala has been started full fledged and is expected to be completed within a period of two years.

### **CORPORATE GUARANTEE**

The company has given corporate guarantee amounting to ₹ 35.00 crores for credit facilities enjoyed by Balaji Bullions & Commodities (I) Private Limited (The Borrower Company). The Borrower Company was unable to pay the dues to the Bank of India from non realization of overseas customer's & their own. The Bank has classified the company's account as Non – Performing Assets & served the SARFESAI notice to Company in its capacity as a 'Guarantor'.

### **DIVIDEND**

In view of Net Loss incurred by the Company, the directors are unable to recommend any dividend for the year ended 31/03/2011.

### **DIRECTORS**

The Directors of the Company are not liable to retire by rotation as per Section 256 of the Companies Act, 1956.

During the year under review, Mr. Kumar Pal Punamiya was appointed as the Director of the Company w.e.f. 10.08.2010.

### **AUDITORS**

M/s. Rishabh D. Jain & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting. The members are requested to appoint auditors and to fix their remuneration.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

Further, foreign exchange earnings and outgo is reported to be NIL during the year under review.

### **SECRETARIAL COMPLIANCE REPORT:**

Secretarial Compliance Report as pursuant to Sec.383 (1A) is attached with this report.

**FIXED DEPOSITS:**

The Company has not accepted any loans or deposits from public in contravention of Section 58A of the Companies Act, 1956, and rules framed under the Companies (Acceptance of Deposits) Rules, 1975.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required pursuant to newly inserted Sec. 217(2AA):

- i. that in the preparation of annual accounts for the Financial year 2009-2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES:**

None of the employees of the company is in receipt of remuneration exceeding ₹ 24,00,000/- per annum, if employed for whole of the year or ₹ 2,00,000/- per month if employed for part of the year.

**Investigation by Enforcement Directorate**

During the year on 11<sup>th</sup> August, 2010, the Enforcement Directorate (ED), Delhi has taken Mr. Manoj Punamiya, Director of the Company in the judicial custody. The Enforcement Directorate (ED) has filed complaint under Prevention of Money Laundering Act 2002 for their alleged role in "Madhu Koda Case".

Prima-facie, the complaint filed by ED does not allege about any financial impropriety or any other financial irregularities of the company. Further there has been no case against the Company and there are no restrictions on the functioning of the Company.

**APPRECIATION:**

Your Directors place on record their sincere appreciation of the service rendered by the employees of the Company and the Banks. Your Directors are also grateful to shareholders of the Company and local authorities for their continued valuable support and cooperation to the Company.

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Date : 30<sup>th</sup> May, 2011**

**Kumar Pal Punamiya**  
**Director**

**Hastimal Khandelwal**  
**Director**

# DEEP SHUKLA & ASSOCIATES

## COMPANY SECRETARIES

OFFICE: B-4, The Parle Colony CHS Ltd., Next to Gokul Arcade, Sahakar Road, Vile Parle (E),  
Mumbai: 400057. Tele – 26834250; Email:deepsoffice@gmail.com

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### FORM [SEE RULE 3]

#### Compliance Certificate

CIN NO: U45400MH2008PTC178324

NOMINAL CAPITAL: Rs. 50,000,000/-

To,  
The Members,  
**BALAJI CORPORATION PRIVATE LIMITED**  
118/120 Ashok House,  
3rd Floor, Opp. Khara kuwa,  
Zaveri Bazar, Mumbai-400002

I have examined the registers, records, books and papers of **BALAJI CORPORATION PRIVATE LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure `A`** to this Certificate, as per the provisions of the Companies Act, 1956 (herein after referred to as the Act) and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure `B`** to this Certificate, with the Registrar of Companies, Maharashtra, within the time prescribed under the Act and the rules made there under for the financial year under review.

3. The company being private limited company has the minimum prescribed paid-up capital and the minimum number of members during the said financial year excluding its present and past employees and the company during the year under scrutiny:
- i. has not invited public to subscribe for its shares or debenture; and
  - ii. has not invited or accepted any deposits from persons other than its member and director, for the financial year under review.
4. The Board of Directors duly met **07 times** on 30/06/2010, 23/07/2010, 05/08/2010, 10/08/2010, 31/12/2010, 05/01/2011 and 31/03/2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company did not close its Register of Members pursuant to Section 154 of the Act during the financial year under review.
6. The Annual General Meeting for the financial year ended on March 31, 2010 was held on **30<sup>th</sup> September 2010** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary Meeting of the Company was held during the year under review.
8. The Company being a Private Limited Company, provisions of Section 295 of the Act regarding loans advanced to Directors of the Company or Firms or Companies referred in the said Section **do not apply** and hence there is nothing to report in this matter.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act and has complied with all the provisions of the said Section for the year under review.
10. As the Company has entered into contracts in which Director(s) of the Company is/are interested pursuant to Section 301 of the Act for the year under review, the relevant entry in this regard is made in the Register as maintained by the Company for this purpose.
11. None of the Directors of the Company holds office or place of profit pursuant to the provisions of Section 314 of the Companies Act, 1956.
12. The Company did not issue any Duplicate Share Certificates for the financial year under review, hence there is nothing to report in this matter.

13.
  - i. The Company has not allotted/transferred any Shares during the financial year under review.
  - ii. The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.
  - iii. The Company was not required to pay/post warrants for dividends to all its members within the period of 30 (Thirty) days as no dividend was declared during the financial year under review and the Company was not required to transfer any Unclaimed/Unpaid dividend to any Unpaid Dividend Account of the Company during the financial year under review.
  - iv. The Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid or a period of seven years to Investor Education and Protection Fund during the financial year under review.
  - v. The Company has duly complied with the requirements of Section 217 of the Act for the financial year under review.
14. The Board of Directors of the Company is duly constituted.
15. The Company being a Private Limited Company, provisions of Section 269 read with Schedule XIII of the Act with regard to appointment of Managing Director/Whole-time Director/Manager are not applicable.
16. The Company has not appointed any sole-selling agents during the financial year under review in compliance of the provisions of the Act.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under for the financial year under review.
19. The Company has not ISSUED any Shares during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not redeemed any preference shares/debentures during the financial year under review.



22. There were no transactions requiring the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act during the financial year under review.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act read with The Companies (Acceptance of Deposits) Rules, 1975 during the financial year under review and hence there is nothing to report in this matter.
24. The Company being Private limited Company, the provisions of Section 293(1)(d) of the Act are not applicable to the Company and hence there is nothing to report in this matter.
25. Since the Company is a Private Limited Company there is nothing to report under Section 372A of the Companies Act, 1956 for making any loans and investments, or giving guarantees or providing securities to other bodies corporate in compliance with the provisions of the Act and consequently no entries have been made in the register kept for the purpose, during the financial year under review.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment was imposed on the Company during the financial year under review.
32. The Company has not received any money as security from its employees during the year under certification to be deposited as per provisions of Section 417(1) of the Act during the financial year under review.

*M/s. Deep Shukla & Associates*  
*Company Secretaries*

33. There is nothing to report regarding employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to the provisions of Section 418 of the Act for the financial year under review.

**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**

Place: Mumbai  
Date : 27/05/2011

Sd/-  
{PROPRIETOR}  
FCS: 5652  
CP NO.5364

**Annexure A**

**Registers as maintained by the Company under the Companies Act, 1956, during the Fin. Year ended 31<sup>st</sup> March 2011.**

1. Register of Members u/s 150 of the Act.
2. Register of Contracts u/s.301 of the Act
3. Register of particulars of Directors etc. u/s 303 of the Act.
4. Register of Directors Shareholding u/s 307 of the Act
5. Returns u/s.163 of the Companies Act, 1956.
6. Minutes Book of the Meetings of:
  - Board Meetings.
  - General Meetings.

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**Annexure B**

**Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, during the financial year ending on 31<sup>st</sup> March, 2011.**

- Annual Return made up to 30/09/2010 for Financial Year 2009-2010 pursuant to Section 159 of the Companies Act, 1956.
- Annual Accounts for Financial Year 2009-10 pursuant to Section 220 of the Companies Act, 1956.
- Secretarial Compliance Report for Financial Year 2009-10 pursuant to Section 383A of the Companies Act, 1956.
- Form No.32 pursuant to Section 303(2) of the Companies Act, 1956 for change in the Directorship of the Company.

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## **AUDITORS' REPORTS ON THE FINANCIAL STATEMENTS**

### **TO, THE MEMBERS OF BALAJI CORPORATION PRIVATE LIMITED**

We have audited the attached Balance Sheet of **BALAJI CORPORATION PRIVATE LIMITED** as at 31<sup>st</sup> March, 2011 the Profit and Loss Account and also the Cash Flow Statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of section(4A) if section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further, we report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) on the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, none of the directors was disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010,
  - b) in the case of the Profit and Loss Account of the profit for the year ended on that date, and
  - c) in the Cash Flow Statement of the cash flows for the year ended on that date.

**For Rishabh D. Jain & Co.**  
**Chartered Accountants**

**Rishabh Jain**  
**Proprietor**

Membership No. 116250  
Mumbai, dated 27<sup>th</sup> May, 2011

## **ANNEXURE TO THE AUDITOR'S REPORT**

- [i] (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the company has not disposed off any fixed assets during the year.
- [ii] (a) As informed to us, the inventory in the possession of the company has been physically verified at reasonable intervals during the year by the management.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion the company is maintaining proper records of its inventories. According to the information given to us, no discrepancies were noticed on physical verification of inventories as compared to book records during the year.
- [iii] (a) The Company had granted unsecured loans to one party covered in the register maintained u/s.301 of the Companies Act, 1956. Maximum balance outstanding at any point of time during the year is Rs. 170.00 Lacs and outstanding balance as on 31.03.2011 is Rs. 151.25 Lacs.
- (b) No interest has been charged by the company on loan granted to the parties covered under register maintained u/s 301 of the Companies Act, 1956. It was explained to us by the management that it is not prejudicial to the interest of the company.
- (c) There are no terms and condition pertaining to repayment of principal amount for the loan granted, hence no comments can be offered for the same.
- (d) There are no overdue amounts and hence clause is not applicable.
- (e) The company had taken Interest free unsecured loans from two parties covered in the register maintained u/s.301 of the Companies Act,1956. The maximum amount outstanding at any time during the year was Rs.52.25 Lakhs and the year-end balance is Rs. 49.35 Lakhs.
- (f) In our opinion, & according to the information & explanation given to us, the rate of interest, (*if stipulated*) and other terms and conditions of such loans given by the company were not prima facie prejudicial to the interest of the company.
- (g) The terms of repayment of principal amounts were not stipulated and hence, no comments regarding regularity of repayment of principal amount.
- [iv] In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- [v] (a) In our opinion and according to the information and explanation furnished to us the particulars of contracts or arrangement referred to in section 301 of the Act as required to be maintained under that section, have been so entered.
- (b) In our opinion and according to the information and explanation given to us, apart from the loan transactions the particulars for which are reported separately in clause

iii hereinabove, the other transactions in pursuance of contracts or arrangements exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie reasonable.

- [vi] The company has not accepted any deposits from the public.
- [vii] In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- [viii] As informed to us, maintenance of cost records has not been prescribed by the Central Government u/s. 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- [ix] (a) In our opinion and according to the information and explanations given to us, the company is generally regular in depositing with the appropriate authorities the undisputed statutory dues applicable to it and there were no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.  
(b) According to information and explanations given to us, there are no dues of sales tax, service-tax, custom duty, wealth tax, excise duty, cess which have not been deposited on account of any dispute.
- [x] The company has accumulated losses of Rs. 55,107.00 as at 31st March, 2011 and has incurred cash loss of Rs.22,165.00 during the financial year ended on that date and Rs. 17,269.00 in the immediately preceding financial year.
- [xi] According to the information and explanations provided to us, the company has not defaulted in repayment of dues to any bank.
- [xii] According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- [xiii] The company is not a chit fund or a nidhi/mutual benefit fund or a society. Therefore, clause 4(xiii) of the Order is not applicable.
- [xiv] According to the information and explanations given to us, in our opinion, the company is not dealing in or trading in shares, securities, debentures.
- [xv] According to the information and explanations given to us, the company has given corporate guarantee for loans taken by others from banks or financial institutions. However it was explained to us that terms and conditions are not prejudicial to the interest of the company.
- [xvi] According to the information and explanations given to us the company has not taken any term loans. Accordingly, clause 4(xvi) of the order is not applicable.
- [xvii] According to the information and explanation given to us and on an overall examination of the balance sheet of the company, in our opinion, the funds raised on short-term basis have not been used for long-term investment.
- [xviii] According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered under Section 301 of the Companies Act, 1956.

- [xix] The company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
- [xx] The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
- [xxi] According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Rishabh D. Jain & Co.**  
**Chartered Accountants**

**Rishabh Jain**  
**Proprietor**

M. No. 116250  
Mumbai, dated 27<sup>th</sup> May, 2011

### Balance Sheet as at 31st March, 2011

Particulars	Schedule	As At 31.03.2011	As At 31.03.2010
<b><u>I) SOURCES OF FUNDS</u></b>			
<b><u>Shareholder's Funds</u></b>			
Share Capital	1	5,200,000	5,200,000
Securities Premium Account	2	99,900,000	99,900,000
<b><u>Loan Funds</u></b>			
Unsecured Loans	3	285,901,600	273,205,000
Deferred Tax Liability		22,104	8,604
<b>TOTAL</b>		<b>391,023,704</b>	<b>378,313,604</b>
<b><u>II) APPLICATION OF FUNDS</u></b>			
<b><u>Fixed Assets</u></b>			
	4		
Gross Block		1,424,704	572,767
Less: Depreciation		186,648	24,479
Net Block		1,238,056	548,288
<b><u>Current Assets and Loans &amp; Advances</u></b>			
a) Inventories (Work-in-Progress)	5	390,421,991	376,488,633
b) Cash and Bank Balances	6	556,992	664,839
c) Loans and Advances	7	16,166,044	1,063,602
<b>Sub Total</b>		<b>407,145,027</b>	<b>378,217,074</b>
<b><u>Less :-Current Liabilities And Provision</u></b>			
a) Current Liabilities	8	17,560,785	704,150
b) Provision for Taxation		-	-
<b>Sub Total</b>		<b>17,560,785</b>	<b>704,150</b>
<b>Net Current Assets</b>		<b>389,584,242</b>	<b>377,512,924</b>
<b>Preliminary Expenditure</b> (To the extend not W/ off)	9	6,300	9,450
<b>Deferred Revenue Expenses</b>	10	140,000	210,000
<b>Profit and Loss Account (Dr. Balance)</b>		55,107	32,942
<b>TOTAL</b>		<b>391,023,704</b>	<b>378,313,604</b>

The schedules referred to above form an integral part of balance sheet.

**For Balaji Corporation Private Limited**

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**BALAJI CORPORATION PRIVATE LIMITED**  
**Profit and Loss Account for the year ended 31st March, 2011**

(Amount in ₹)

Particulars	Schedules	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
<b><u>INCOME :</u></b>			
Increase in Stock	11	13,933,358	7,376,530
		<b>13,933,358</b>	<b>7,376,530</b>
<b><u>EXPENDITURE :</u></b>			
Cost of Construction (including Cost of Projects)	12	13,933,358	7,376,530
Office and Administrative	13	5,515	5,515
Personnel Expenses	14	-	-
Preliminary Expenses Written Off	9	3,150	3,150
		<b>13,942,023</b>	<b>7,385,195</b>
<b>Loss before Tax</b>		<b>(8,665)</b>	<b>(8,665)</b>
Deferred Tax		13,500	8,604
<b>Net Loss for the year</b>		<b>(22,165)</b>	<b>(17,269)</b>
Balance of previous year brought forward		(32,942)	(15,673)
<b>Balance carried to Balance Sheet</b>		<b>(55,107)</b>	<b>(32,942)</b>

Significant Accounting Policies and Notes to Accounts 15

The schedules referred to above form an integral part of profit & loss account

**For Rishabh D. Jain & Co.**  
**Chartered Accountants**

**For Balaji Corporation Private Limited**

**Rishabh Jain**  
**Proprietor**  
M. No. 116250  
Place : Mumbai  
Dated : 27th May 2011

**Kumarpal Punamiya**   **Hastimal Khandelwal**  
**Director**   **Director**

**BALAJI CORPORATION PRIVATE LIMITED**  
**Cash Flow Statement for the Year Ended 31st March 2011**

(Amount in ₹)

Sr. No.	Particulars	2010-11	2009-10
<b>A</b>	<b><u>Cash Flow from Operating Activities:-</u></b>		
	<b>Net Profit Before Tax</b>	<b>(8,665)</b>	<b>(8,665)</b>
	<b><u>Adjustments for:</u></b>		
	Depreciation	162,169	24,479
	Preliminary Expenses w/off	3,150	3,150
	Deferred Revenue Expenditure	70,000	70,000
	(Profit)/loss on sale of Assets	-	-
	Interest & Finance Charges	-	-
	Interest on FD	-	-
	Dividend Income	-	-
	<b>Operating Profit before Working Capital Changes</b>	<b>226,654</b>	<b>88,964</b>
	<b><u>Adjustments for:</u></b>		
	Decrease/(Increase) in Receivables	-	-
	Decrease/(Increase) in Inventories	(13,933,358)	(7,376,530)
	Decrease/(Increase) in Advances/Deposits	(15,102,442)	(54,802)
	Increase/(Decrease) in Payables	16,856,635	138,553
	<b>Cash generated from operations</b>	<b>(11,952,511)</b>	<b>(7,203,815)</b>
	Income Tax paid	-	-
	<b>Net Cash flow from Operating Activities (A)</b>	<b>(11,952,511)</b>	<b>(7,203,815)</b>
<b>B</b>	<b><u>Cash Flow from Investing Activities:-</u></b>		
	Purchase of Fixed Assets	(851,937)	(572,767)
	Mutual Fund	-	-
	Sale of Fixed Assets	-	-
	Increase in Advances & others	-	-
	Deferred revenue expenditure	-	-
	Dividend Income	-	-
	<b>Net Cash used in Investing Activities (B)</b>	<b>(851,937)</b>	<b>(572,767)</b>
<b>C</b>	<b><u>Cash Flow from Financing Activities:-</u></b>		
	Increase in Share Capital		
	Increase in Share Premium		
	Proceeds from Unsecured Loans (Net)	12,696,600	5,533,000
	Interest paid		
	<b>Net Cash used in Financing Activities ( C )</b>	<b>12,696,600</b>	<b>5,533,000</b>
	<b>Net increase in cash and Cash Equivalents (A+B+C)</b>	<b>(107,848)</b>	<b>(2,243,582)</b>
	Cash and Cash equivalents Opening	<b>664,839</b>	<b>2,908,421</b>
	Cash and Cash equivalents Closing	<b>556,991</b>	<b>664,839</b>

**For Rishabh D. Jain & Co.**  
**Chartered Accountants**

**For Balaji Corporation Private Limited**

**Rishabh Jain**  
**Proprietor**  
M. No. 116250  
Place : Mumbai  
Dated : 27th May 2011

**Kumarpal Punamiya**    **Hastimal Khandelwal**  
**Director**                      **Director**

**BALAJI CORPORATION PRIVATE LIMITED****Schedules Forming Part of Balance Sheet****(Amount in ₹)**

<b>Particulars</b>	<b>As At 31.03.2011</b>	<b>As At 31.03.2010</b>
<b><u>Schedule '1'</u></b>		
<b><u>Authorised Share Capital</u></b>		
50,00,000 Equity Share of Rs.10/- each	50,000,000	50,000,000
<b>Total</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b><u>Issued, Subscribed and Fully Paid Up Capital</u></b>		
5,20,000 Equity Share of Rs.10/- each	5,200,000	5,200,000
<b>Total</b>	<b>5,200,000</b>	<b>5,200,000</b>
<b><u>Schedule '2'</u></b>		
<b><u>Reserve and Surplus</u></b>		
Securities Premium Account	99,900,000	99,900,000
<b>Total</b>	<b>99,900,000</b>	<b>99,900,000</b>
<b><u>Schedule '3'</u></b>		
<b><u>Unsecured Loans</u></b>		
Intercompany Deposits	285,901,600	273,205,000
<b>Total</b>	<b>285,901,600</b>	<b>273,205,000</b>
<b><u>Schedule '5'</u></b>		
<b><u>Inventories (As taken, Valued and certified by the Management)</u></b>		
(At lower of cost and net realisable value)		
Wadala Project	390,421,991	376,488,633
<b>Total</b>	<b>390,421,991</b>	<b>376,488,633</b>
<b><u>Schedule '6'</u></b>		
<b><u>Cash and Bank Balances</u></b>		
Cash In Hand (as certified by Management)	197,445	148,784
Balance with Scheduled Bank in Current Account	359,546	516,055
<b>Total</b>	<b>556,991</b>	<b>664,839</b>
<b><u>Schedule '7'</u></b>		
<b><u>Loans and Advances (Unsecured - Considered Good)</u></b>		
Advances recoverable in cash or kind	15,366,044	563,602
Deposits	800,000	500,000
<b>Total</b>	<b>16,166,044</b>	<b>1,063,602</b>
<b><u>Schedule '8'</u></b>		
<b><u>Current Liabilities</u></b>		
Advance against Project	17,025,000	-
Sundry Creditors	518,421	647,807
Duties and Taxes	17,364	56,343
<b>Total</b>	<b>17,560,785</b>	<b>704,150</b>
<b><u>Schedule '9'</u></b>		
<b><u>Preliminary Expenditure</u></b>		
Preliminary Expenses	9,450	12,600
Less: Written off during the year	3,150	3,150
<b>Total</b>	<b>6,300</b>	<b>9,450</b>
<b><u>Schedule '10'</u></b>		
<b><u>Deferred Revenue Expenditure</u></b>		
Preliminary Expenses	210,000	280,000
Less: Written off during the year	70,000	70,000
<b>Total</b>	<b>140,000</b>	<b>210,000</b>

**BALAJI CORPORATION PRIVATE LIMITED****Schedule "4"****Fixed Assets****(Amount in ₹)**

Particulars	Gross Block				Depreciation				Net Block	
	As on 01-04-10	Additions	Deductions	As on 31-03-11	As on 01-04-10	For the Year	Deductions	Upto 31-03-11	As on 31-03-11	As on 31-03-10
<b>Plant &amp; Machinery</b>										
Site Equipments	535,767	851,937	-	1,387,704	20,066	157,636	-	177,702	1,210,002	515,701
Office Equipments	37,000	-	-	37,000	4,413	4,533	-	8,946	28,054	32,587
<b>TOTAL</b>	<b>572,767</b>	<b>851,937</b>	<b>-</b>	<b>1,424,704</b>	<b>24,479</b>	<b>162,169</b>	<b>-</b>	<b>186,648</b>	<b>1,238,056</b>	<b>548,288</b>

**BALAJI CORPORATION PRIVATE LIMITED**
**Schedules Forming Part of Profit and Loss Account**
**(Amount in ₹)**

Particulars	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
<b><u>Schedule '11'</u></b>		
<b>Increase in Stock:</b>		
Closing Stock: Wadala Project	390,421,991	376,488,633
<b>(a)</b>	<b>390,421,991</b>	<b>376,488,633</b>
Opening Stock: Wadala Project	376,488,633	369,112,103
<b>(b)</b>	<b>376,488,633</b>	<b>369,112,103</b>
<b>Total (a-b)</b>	<b>13,933,358</b>	<b>7,376,530</b>
<b><u>Schedule '12'</u></b>		
<b>Wadala Project:</b>		
Land	-	-
Building Material	7,491,336	979,173
Excavation Charges	330,000	2,102,500
Electricity Expenses	414,222	317,402
Site Expenses	586,161	488,074
Depreciation	162,169	24,479
Labour Charges	2,202,887	1,057,853
Insurance Charges	36,961	84,242
Rent, Rates & Taxes	166,000	513,438
Overhead Allocated:		
Office and Administrative (Schedule 12)	1,662,332	1,114,137
Personnel (Schedule 13)	881,290	695,232
<b>Total</b>	<b>13,933,358</b>	<b>7,376,530</b>
<b><u>Schedule '13'</u></b>		
<b>Office and Administrative:</b>		
Audit Fees	44,120	44,120
Legal and Professional	1,187,470	659,813
Telephone Expenses	17,205	12,909
Security Services	204,774	250,838
Bank Charges	4,200	7,880
Printing and Stationery	5,800	12,359
Office and General Expenses	129,781	61,733
Deferred Revenue Expenses	70,000	70,000
Other Exp.	4,497	
	<b>1,667,847</b>	<b>1,119,652</b>
Less : Allocated to Wadala Project	1,662,332	1,114,137
<b>Total</b>	<b>5,515</b>	<b>5,515</b>
<b><u>Schedule '14'</u></b>		
<b>Personnel Expenses</b>		
Salary & wages	881,290	695,232
	<b>881,290</b>	<b>695,232</b>
Less : Allocated to Wadala Project	881,290	695,232
<b>Total</b>	<b>-</b>	<b>-</b>

## **BALAJI CORPORATION PRIVATE LIMITED**

### **SCHEDULE '15': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

#### **D) SIGNIFICANT ACCOUNTING POLICIES**

##### **1. BASIS OF ACCOUNTING**

- a) The company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
- b) Financial Statements are based on historical cost. The costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

##### **2. INVENTORIES**

Inventories are valued at lower of cost or net realizable value. Cost is determined on FIFO Basis.

Projects in progress are valued at cost. Cost includes cost of land, development expenses, materials, construction, services, borrowing costs, other overheads relating to projects and advance against projects under execution.

##### **3. FIXED ASSETS**

Fixed assets are stated at cost less depreciation.

##### **4. DEPRECIATION**

Depreciation is provided on written down value basis at the rates stated in schedule XIV of the Companies Act, 1956. Depreciation on Additions/ Deductions during the year is provided on Pro- rata basis.

##### **5. BORROWING COSTS**

Borrowing costs incurred for acquisition, construction and production of qualifying assets are capitalized as per As-16 "Borrowing Costs" issued by The Institute of Chartered Accountants of India

##### **6. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

##### **7. DEFERRED REVENUE EXPENSES**

Deferred Revenue Expenses are amortized over a period of 5 years.

##### **8. TAXES ON INCOME**

Tax expenses comprise current tax and deferred tax charge/credit. The deferred tax charge/credit is recognized using current tax rates. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date.

##### **9. IMPAIRMENT OF ASSETS**

At the end of each year, the Company assesses whether any impairment loss may have occurred in respect of its Assets in accordance with Accounting Standard – 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, and Impairment Losses if any are accounted for by the company in accordance with the Standard.

## 10. RETIREMENT BENEFITS

Liability towards retirement benefits is not provided as the same is yet not due.

## 11. REVENUE RECOGNITION

Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

### Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales include excise duty, sale of scrap and are net of sales tax and quantity discount.

### Income from Services

Income from services is recognized on pro-rata basis as and when services are rendered.

### Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### Real Estate Projects

Revenue from real estate projects is recognised on the "Percentage of Completion Method" of accounting. Revenue comprises the aggregate amounts of sale price in terms of the agreement into and is recognised on the basis of percentage of actual cost incurred thereon, including proportionate land cost and total estimated cost of projects under execution, subject to such additional costs being 20% or more of the total estimated costs.

Where aggregate of payment received provides insufficient evidence of buyers' commitment to make the complete payment, revenue is recognised only the extent of realization.

The estimates of saleable areas and costs are reviewed periodically by the management and any effect of changes in estimates is recognised in the period such changes are determined. However, when the total cost of project is estimated to exceed total revenues from the project, the loss is recognised immediately.

Interest on delayed payments and maintenance charges are accounted for on realization due to uncertainty of recovery of the same.

## II) NOTES ON ACCOUNTS

1. The deferred tax liabilities as at 31<sup>st</sup> March, 2011 comprise the following:

### Deferred tax liability

(Amount in ₹)

Particulars	For the year Ended 31.03.2011	For the year Ended 31.03.2010
Opening Balance	(8,604)	Nil
Charged/ (Credit) for the year	(13,500)	(8,604)
Closing Balance of Assets/ (Liabilities) at the end of the year	(22,104)	(8,604)

## 2. SEGMENT INFORMATION

- A. The Company has only one Business Segment namely – Construction.
- B. The Company has only one Geographical Segment i.e. India.

## 3. RELATED PARTY DISCLOSURE

Related party disclosures, as required by AS – 18, “Related Party Disclosures” are given below:

### A) Relationships

#### a) Related parties where common control exists

Amla Global Impex Private Limited  
Balaji Bullions & Commodities (I) Private Limited  
Balaji Builders & Developers  
Balaji Enterprises  
Balaji Lifestyle Realtors Private Limited  
Balaji Propbuillders Private Limited  
Balaji Refineries Limited  
Balaji Universal Tradelink Private Limited  
Dev Shanti Developers  
Hillview Impex Private Limited  
Jaguar Gems & Jewellery Limited  
Jaguar Energy & Power Limited  
Labh Commodities Private Limited  
Luxury Exports Private Limited  
Natraj Financial and Services Limited  
Om Movies Production Private Limited  
Orbit Diamonds Private Limited  
Shri Baiju Trading & Investments Private Limited  
Silver Coin  
Threewin Maritime India Private Limited  
Paridhi Overseas Private Limited  
Khajana Jewellers

#### b) Key Management Personnel

Mr. Manoj Punamiya	-	Director
Mr. Hastimal Khandelwal	-	Director
Mr. Kumarpal Punamiya	-	Director

### B) Transactions with Related Parties:

Transactions during the year and Balances outstanding as at the year end with the Related Parties are as follows:

(Amount in ₹)		
Nature of Transactions	Key Management Personnel	Associates
Loans Granted	-	1,70,00,000
<b>Outstanding as at the year end</b>		
Loans Granted	-	1,51,25,000



4. **REMUNERATION TO AUDITORS**

(Amount in ₹)

Particulars	2010-11	2009-10
Audit Fees	40,000	40,000
Service tax on Audit Fees	4,120	4,120
Total	44,120	44,120

5. **EARNING PER SHARE**

Basic and Diluted Earning Per Share

(Amount in Rs.₹)

	Particulars	2010-11	2009-10
A.	Weighted average number of equity shares of Rs.10/- each		
i.	Number of shares at the beginning of the year	5,20,000	5,20,000
ii.	Number of shares at the end of the year	5,20,000	5,20,000
iii.	Weighted average number of Equity shares outstanding during the year	5,20,000	5,20,000
B.	Net profit/ (loss) after tax available for equity shareholder	(22,165)	(17,269)
C.	Basics EPS (B/A)	(0.04)	(0.03)

6. **CONTINGENT LIABILITIES**

(Amount in ₹)

Particulars	2010-11	2009-10
Corporate Guarantee	35,00,00,000	35,00,00,000

Corporate guarantee amounting to Rs. 35.00 crores for credit facilities enjoyed by Balaji Bullions & Commodities (I) Private Limited (The Borrower Company). The Borrower Company was unable to pay the dues to the Bank of India from non realization of overseas customer's & their own. Consequent to which, the Bank has classified the company's account as Non – Performing Assets through Reg., Accordingly the bank has served the SARFESAI notice to Company in its capacity as a 'Guarantor'. Further an amount of Rs. 1,51,25,000.00 was granted to the borrower company for making repayment to bank. The amount granted was granted as unsecured loan.

7. Balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to reconciliation, since confirmations have not been received from them. Necessary entries shall be passed on the receipt of the same if required.

8. In the opinion of the management, the Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of business. The provisions for all known liabilities are ascertained.
9. The company does not owe a sum exceeding Rs.1 Lacs which is outstanding for more than 30 days as on 31-03-2011 to any small scale industrial undertaking.
10. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956 are not applicable to the company.
11. Previous years figures have been grouped/ regrouped, arranged/rearranged wherever necessary to make them comparable.

**For Rishabh D. Jain & Co.**  
**Chartered Accountants**

**For Balaji Corporation Private Limited**

**Rishabh Jain**  
**Proprietor**  
M. No. 116250

**Kumarpal Punamiya**  
**Director**

**Hastimal Khandelwal**  
**Director**

Mumbai, dated 27<sup>th</sup> May, 2011

**BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

<b>1</b>	<b>Registration Details</b>		
	<b>Registration No.</b>	<b>:</b>	<b>178324</b>
	<b>State Code</b>	<b>:</b>	<b>11</b>
	<b>Balance Sheet</b>	<b>:</b>	<b>31/03/2011</b>
<b>2</b>	<b>Capital Raised During the Year (Rs. in `000)</b>		
	<b>Public Issue</b>	<b>:</b>	<b>Nil</b>
	<b>Right Issue</b>	<b>:</b>	<b>Nil</b>
	<b>Bonus Issue</b>	<b>:</b>	<b>Nil</b>
	<b>Private Placement</b>	<b>:</b>	<b>Nil</b>
<b>3</b>	<b>Position of Mobilization &amp; deployment of fund (Rs. in `000)</b>		
	<b>Total Liabilities</b>	<b>:</b>	<b>391,024</b>
	<b>Total Assets</b>	<b>:</b>	<b>391,024</b>
	<b>Sources of Funds</b>		
	<b>Paid Up Capital</b>	<b>:</b>	<b>5,200</b>
	<b>Reserve &amp; Surplus</b>	<b>:</b>	<b>99,900</b>
	<b>Secured Loans</b>	<b>:</b>	<b>Nil</b>
	<b>Unsecured Loans</b>	<b>:</b>	<b>285,902</b>
	<b>Deferred Tax Liabilities</b>	<b>:</b>	<b>22</b>
	<b>Application of Funds</b>		
	<b>Net Fixed Assets</b>	<b>:</b>	<b>1,238</b>
	<b>Investments</b>	<b>:</b>	<b>Nil</b>
	<b>Net Current Assets</b>	<b>:</b>	<b>389,585</b>
	<b>Miscellaneous Expenditure</b>	<b>:</b>	<b>146</b>
	<b>Accumulated Losses</b>	<b>:</b>	<b>55</b>
<b>4.</b>	<b>Performance of The Company (Rs. in `000)</b>		
	<b>Turnover (Gross Receipts)</b>	<b>:</b>	<b>Nil</b>
	<b>Total Expenditure</b>	<b>:</b>	<b>13,923</b>
	<b>Profit Before Tax</b>	<b>:</b>	<b>(9)</b>
	<b>Profit After Tax</b>	<b>:</b>	<b>(22)</b>
	<b>Earnings /(Loss) Per Share (in Rs.)</b>	<b>:</b>	<b>(0.04)</b>
	<b>Dividend Rate</b>		
	<b>On Preference Shares</b>	<b>:</b>	<b>Nil</b>
	<b>On Equity Shares</b>	<b>:</b>	<b>Nil</b>
<b>5.</b>	<b>Generic Names of the Principal Product/ Service of the Company</b>		
	<b>Production Description; ITC Code (If any)</b>	<b>:</b>	<b>Real Estate Developer</b>

**For Balaji Corporation Private Limited**

**Kumarpal Punamiya**  
**Director**

**Hastimal Khandelwal**  
**Director**

Mumbai, dated 27<sup>th</sup> May, 2011

**NATRAJ FINANCIAL & SERVICES LIMITED**

REGISTERED OFFICE: 62, 6<sup>th</sup> FLOOR, C-WING, MITTAL TOWER, NARIMAN POINT, MUMBAI -400 021

**ATTENDANCE SLIP**

	Members' Folio/ Client & DP-ID No.
	_____
	No. of Shares _____

I hereby record my presence at the 27<sup>th</sup> Annual General Meeting held on Thursday, 29th September, 2011 at 3.00 p.m. at Conference Hall, 18th Floor, C Wing, Mittal Tower, Nariman Point, Mumbai - 400 021, India.

Name of Member/Proxy \_\_\_\_\_ Signature of Member/Proxy \_\_\_\_\_

**Notes:**

Member/Proxy holder must bring the admission slip to the Meeting and hand-over at the entrance duly signed.

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**NATRAJ FINANCIAL & SERVICES LIMITED**

REGISTERED OFFICE: 62, 6<sup>th</sup> FLOOR, C-WING, MITTAL TOWER, NARIMAN POINT, MUMBAI -400 021

**PROXY FORM**

Members' Folio/ Client & DP-ID No.	Affix Rs.1 Revenue Stamp
_____	
No. of Shares _____	

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the above named Company, hereby appoint -  
\_\_\_\_\_ of \_\_\_\_\_ or  
failing him/her- \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ as  
my/our proxy to attend and vote for me/us on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the  
Company to be held on Thursday, 29th September, 2011 at 3.00 p.m at Conference Hall, 18th Floor, C  
Wing, Mittal Tower, Nariman Point, Mumbai - 400 021, India.

**Notes:**

1. The instrument of Proxy form shall be deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for holding the Meeting.
2. The form should be signed across the stamp as per specimen signature registered with the Company.
3. A proxy need not to be member.

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*If undelivered, please return to:*

***NATRAJ FINANCIAL & SERVICES LIMITED***

62, 6<sup>th</sup> Floor, C-Wing, Mittal Tower, Nariman Point, Mumbai – 400021.